

INTERNATIONAL Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

London, Tuesday, December 19, 1995

No. 35,087

The Bleeding of France's Economy

By Max Berley
Special to the Herald Tribune

PARIS — The three-week public sector strikes that brought France virtually to a standstill will cut 0.3 percent to 0.4 percent from France's fourth-quarter economic growth, the national statistics office estimated Monday.

The office added that the first two weeks of the strike cost between \$1.8 and \$1.8 billion francs (\$1.17 to \$1.57 billion) in lost production.

Perhaps worse, other economists said, the unrest had added to the weakening of an already fragile economy.

This heightens already serious doubts that France will be able to meet the budget requirements set forth by the Maastricht

Treaty on European Monetary Union. The estimate was made as France slowly returned to normal on Monday after over three weeks of crippling strikes appeared to be dragging to a close.

Early indications show that the protracted strike by rail, urban rapid transit and postal workers caused the most damage to the retail, the mail-order, restaurant and hotel industries, particularly in Paris and its surrounding areas.

A study commissioned by the National Hotel Industry Federation now shows that the hotel business suffered a 44.5 percent drop in sales in the Paris area and a 39 percent drop in sales in the provinces as a direct result of the strike. Another

See STRIKE, Page 6

A Union Warning

A French union leader warned Monday that the country would face a new wave of labor unrest if a "social summit" scheduled for Thursday did not succeed.

With trains, subways and buses lurching sporadically back into service and the government hoping that the talks could heal divisions after more than three weeks of strikes by public workers, the leader of the General Labor Confederation, Louis Vianet, said that "things could go back up in flames" if the unions were not given precise assurances on wages, a reduction of working hours and the problems of those in precarious temporary or part-time jobs. (Page 5)

Voters Batter Yeltsin

Anti-Democratic Forces Show Strong Gains

By David Hoffman
Washington Post Service

MOSCOW — Russia's parliamentary election has produced a new legislature dominated by the Communists that promises to be more hostile to economic reform and prickly toward President Boris N. Yeltsin, which could lead to stalemate and impasse in the months ahead, politicians and analysts said Monday.

Elections offered clear evidence that Russian voters have been polarized into two broad camps, roughly for and against reforms. The polarization was par-

ticularly striking at a regional level. While relatively more prosperous Moscow and St. Petersburg elected democratic reformers to Parliament, the provinces often voted for Communists and nationalists.

Half the lower house of the Parliament, or State Duma, is elected from party lists. With 39 percent of the ballots counted, it appeared that only four of the 43 competing parties had succeeded in crossing the required threshold of 5 percent of the vote to enter the Duma.

Moreover, because the parties were so fragmented, about 50 percent of the votes cast in Sunday's balloting were for parties

that failed to make it into the Parliament, a discouraging factor for Russians already cynical about democracy.

According to partial results from the Central Election Commission, the Communist Party had 21.8 percent of the vote. The nationalist party of Vladimir V. Zhirinovsky received 11.1 percent. The centrist party of Prime Minister Viktor S. Chernomyrdin received 9.7 percent, and the reformist party Yabloko had 5.4 percent.

Several parties were hovering under the 5 percent threshold and might cross it.

See RUSSIA, Page 6

Reformers Must Unite, Russian Results Indicate

By Lee Hockstader
Washington Post Service

MOSCOW — The triumph of Russian Communists and extreme nationalists, who together beat reformers by more than a 3-to-2 margin in parliamentary races on Sunday, means that the forces most hostile to a free market and democratic values are now in a strong position to capture the presidency in June.

The importance of the vote was not in any basic electoral shift. Despite two years of social upheaval and economic crisis, various Communist and nationalist parties

NEWS ANALYSIS

combined fared no better on Sunday than in the 1993 parliamentary elections. Vladimir V. Zhirinovsky, a radical nationalist and the best-known extremist, did just half as well.

Rather, the significance is that in June's presidential elections, Boris N. Yeltsin and the democrats are now in big trouble, not because of their rivals' strength but because of their own disunity.

The one-two finish by Communists and

the nationalists, the long-feared "red-brown" victory, was made possible in large part by Russia's squabbling reformers. Their mutual distrust and feuding did as much to help extremists of the left and right as the nation's economic upheaval.

Together, the three main reformist parties on Sunday received about 23 percent of the vote, enough to beaten the Communist Party. But in the event, the pro-reform vote was badly split.

Unless the progressive democrats are able to unite behind Mr. Yeltsin, an ailing, unpopular incumbent, or another reformer, the runoff presidential contest next summer could be a race between the Communist leader, Gennadi Zyuganov, and Mr. Zhirinovsky or some other combination of firmly anti-Western candidates, analysts said.

"Do you really seriously think" that the various democratic parties will join President Yeltsin or he runs, asked Vyacheslav Nikonorov, a democratic lawmaker in the current Parliament who was not re-elected Sunday. "I don't think so."

"It's just ambition," he said. "This

See YELTSIN, Page 6

Ex-Seoul Leader, Humiliated And Subdued, Goes on Trial

By Kevin Sullivan
Washington Post Service

with 200 spectators, Mr. Roh wore baggy prison pants and his white smock had his prison number, 1437, stitched into the breast.

A retired army general, Mr. Roh has always described himself as "an ordinary man" from the countryside. He was the hand-picked successor to President Chun Doo Hwan, who shared his rural roots and was his classmate in the Korean Military Academy's class of 1955.

But he was less imperious and more affable than Mr. Chun, and prided himself on reducing the haughty trappings of the presidency that Mr. Chun relished.

When Mr. Chun chose Mr. Roh as his successor in 1987, widespread unrest led by Korea's activist students caused Mr. Roh to call for democratic elections for the first time in more than a decade. Mr. Roh's election to a five-year term was hailed as a major step for his country's fledgling democracy, and his election was praised from Seoul to Washington.

About the only nod to Mr. Roh's former status on Monday was the absence of handcuffs and a rope around his waist, which are standard for South Korean prisoners. One television commentator said that Mr. Roh, who faces from 10 years to life in prison if convicted, was spared handcuffs "to avoid

See KOREA, Page 6

GI'S IN THE BALKANS — American soldiers arriving at Tuzla air base in northeastern Bosnia Monday with their C-130 transport in the background. Page 6.

In Ex-Yugoslavia, Peace and Justice May Not Balance

By John Pomfret
Washington Post Service

SARAJEVO, Bosnia-Herzegovina — Amela did not know much about sex or boys when three Serbian gunmen wearing black masks barged into her house in Prijedor on a sultry day in May 1992. The 17-year-old daughter of a prominent Muslim businessman, Amela was a virgin. She remembered a picnic with a high-school sweetheart that ended with long kisses on the banks of the Sava River, but that was about it.

The gunmen ordered Amela to strip a few belongings and come with them. In five minutes she was ready, a sweater and a pair of leggings hanging out of the plastic bag she was carrying.

So began a time of horror for Amela and hundreds of other women from Prijedor, a city in northwestern Bosnia. The gunmen took them to a collection center called Trnopolje, about 24 kilometers (15 miles) out of town. There, Amela said, for about a month, she was repeatedly raped and brutalized by Serbian guards at the camp and by Serbian soldiers passing through.

"I'll remember all the days and nights forever," said

Amela, a woman of slight frame and sad brown eyes who told her story last year to investigators from the International War Crimes Tribunal, which was established at The Hague in 1993 to address atrocities in the former Yugoslavia. "Sometimes they come back to me individually in my dreams. Sometimes they come back all at once," she said in a recent interview.

"I want justice. The men who did this to me must be punished."

With the signing of a peace agreement to end four years of war in the Balkans, a question arises that can be summed up by one of Amela's words: justice.

Will an aggressive search for justice for Amela and many thousands of other victims destabilize a fragile peace? Or is some kind of reckoning necessary for peace to be made more durable? And is justice even possible, given the practical difficulties of pursuing alleged war criminals who are likely to take refuge among sympathizers?

After World War II, when more than 1 million Yugoslavs died in fighting against German occupation forces and each other, atrocities committed in the Balkans went largely unaccounted for and unpunished.

Resentment over those decades-old crimes helped fuel

the warfare of the last four years. Now, as the latest bloodshed ends, the possibility exists that this pattern will be repeated.

The deployment now under way of 60,000 NATO soldiers to Bosnia is intended to prevent any new outbursts of killing while a nationwide process of reconstruction and healing takes place.

A key question the Western troops face, however, is whether the urge for vengeance among Bosnia's parties can actually be calmed by an occupying army. Another is whether the troops themselves should take responsibility for justice, by finding and arresting those responsible for war crimes.

The torture that Amela underwent was part of a Serbian plan to oust more than a million Muslims from their homes along a broad swath running from northwestern to eastern Bosnia, including towns as far apart as Prijedor, Zvornik and Foca — stretching in a 320-kilometer arc through Serbian-controlled territory.

Serbs took control of Prijedor on April 30, 1992, in just a half-hour. A local Serbian newspaper boasted at the time

See BALKANS, Page 6

Not Yet Booked for New Year's 2000?

By Edwin McDowell
New York Times Service

NEW YORK — Do you know where you're going to be on Dec. 31, 1999? If not, you may have already missed the last of the century party.

Thinking about the Savoy in London? Sorry. That hotel has been fully booked for New Year's 2000 since 1990.

"We already have enough inquiries to fill the hotel's 202 rooms twice," Pam Carter, a Savoy spokeswoman, said.

Walt Disney World in Orlando?

Wishful thinking, with only "limited availability" among its 17 company-

owned hotels and their 17,000 rooms.

The Rainbow Room in New York?

Resort to other options. The glitzy night spot has already stopped taking reservations for New Year's Eve 1999, even though it has tentatively priced the evening's festivities at \$1,000 a person — and that does not include drinks, taxes and tips. Other traditional New Year's Eve options are filling up fast.

Manhattan's Waldorf-Astoria hotel, where Guy Lombardo and his Orchestra held sway for decades, already has 130 names on its waiting list for the countdown to 2000, including people from Australia and Britain. (Meanwhile, the hotel has a full complement this New Year's Eve, when revelers will pay \$395 each.)

The irony of all this, as purists are fond of pointing out, is that the third millennium does not officially begin until Jan. 1, 2001. But informal surveys, and anecdotal evidence suggest that if subjected to a popular vote, New Year's Eve 1999 would win the tide hands down — or perhaps glasses up.

"The fun," said Wendy Warren of Portland, Oregon, expressing a widely held sentiment, "is when the calendar goes from one-nine-nine-nine to two-zero-zero-zero." She was a prime mover in booking the privately owned Space Needle in Seattle, whose 605 feet of vertical space will hold 900 members of 15 families and friends.

Height has an allure for some mil-

lennium revelers. At the Empire State Building, Laura Fries, director of observatories, said, "We've had tons of inquiries from corporations that want the observatories for parties and from individuals who want to rent them for the night."

For others, a certain cachet attaches to location. The Marriott Marquis in Times Square in Manhattan, for example, has received more than 500 letters and telephone calls for room or party reservations to welcome 2000. "We actually have one reservation that was booked in 1993, two years before the hotel was built," said Mollie Dworczak, a hotel spokeswoman.

Familiarity breeds return visits for many. For example, Colonial Williamsburg, which is usually sold out on New Year's Eve and other holidays, has a waiting list of 107 names for the big day, including 85 for its flagship Williamsburg Inn.

Familiarity breeds return visits for many. For example, Colonial Williamsburg, which is usually sold out on New Year's Eve and other holidays, has a waiting list of 107 names for the big day, including 85 for its flagship Williamsburg Inn.

For many people, New Year's Eve is synonymous with Times Square.

To welcome 2000 in style, the Times Square Business Improvement District last year asked people to submit suggestions. More than 700 submissions were received from 24 countries and a "Blue Confetti Commission" is considering them.

"We probably won't use the proposal that a spacecraft beam down a person into Times Square as the ball is about to be set off," said Peter Kohlmann, the group's director of marketing and special events.

Blue-Chips Drop On Budget Feud

U.S. stocks plunged Monday, with the Dow Jones industrial average closing down 101.52 points, at 5,075.21, as concern over the budget impasse in Washington would stall the Federal Reserve Board from lowering interest rates.

The central bank's policy-making Open Market Committee had been widely expected to lower rates after meeting on Tuesday. But the budget stalemate might prompt the Fed to hold off, analysts said.

Treasury bond prices also fell, adding pressure to the stock market. Technology issues led the drop as investors worried that profit next year might fail to match analysts' expectations. (Page 11)

See BALKANS, Page 6

AGENDA



SHUTDOWN — President Bill Clinton vetoing two spending bills Monday because of cuts they would have made in education programs. Page 3.

PAGE TWO Syria Casts Long Shadow on Lebanon Page 4. **ASIA** *Endless From Hong Kong Is Breeding* Page 4.

EUROPE *Socialists Support Gorbachev* Page 5. **Opinion** Page 5. **Crossword** Page 18. **International Classified** Page 4.

51

9 770294 805025

Search for Peace / No Letup to Clashes in South

Syria Casts Long Shadow on Lebanon's Future

By Douglas Jehl
New York Times Service

KAIF RUMMAN, Lebanon — Road signs display posters of Hezbollah's Islamic martyrs, but even so, people whisper with respect about both sides in the conflict that has left southern Lebanon the last fighting front in the Arab-Israeli wars.

To the south is the Israeli Army, which still occupies one-tenth of Lebanon as protection against guerrilla attacks. To the north are 40,000 Syrian occupying troops, who represent the most important champion of those strikes.

While the gunfire has quieted elsewhere in the Middle East, the clashes in this country's south continue almost every day, leaving villagers caught in the middle when the guerrillas open fire and the Israelis fire back.

With the new agreement by Syria and Israel to resume peace talks near Washington on Dec. 27, the question of southern Lebanon may soon move to the bargaining table. An accord removing both sides would be welcomed by many in this area where, as across Lebanon, there are misgivings about the role Syria is playing as the country's dominant force.

"There are some people who fight for the land, and there are some people who fight for their own special reasons," one man complained in this Shiite Muslim village. So large is Syria's shadow that the man and others would speak about their apprehensions only on the condition that they not be identified.

Officially, the Lebanese government supports the resistance against Israel and the armed Syrian presence, which Damascus has maintained across Lebanon since it intervened in 1990 to end this country's 15-year civil war.

But in a country in which a presidential election scheduled for last month was canceled at the evident behest of President Hafez Assad of Syria, Lebanese officials say privately that they have little choice in either manner.

Western diplomats say Mr. Assad has acted several times in recent months to make good on a commitment to help half guerrilla strikes against Israel, most recently last month after Hezbollah, or the Party of God, launched barrages of Katyusha rockets that sent thousands of Israelis into shelters.

At the same time, the picture painted by

the diplomats and some Lebanese officials depicts Syria as playing the central role in making possible the increasingly sophisticated Hezbollah attacks on Israeli troops and their Lebanese militia allies in southern Lebanon that have turned both sides of the dividing line into zones of fear.

Along with 22 Israeli soldiers, about 80 guerrillas have been killed this year, and in villages like this one the larger-than-life Hezbollah posters pay tribute to those new martyrs, including Sheikh Saeed Harbi, a security official who was killed last month in a car explosion that the guerrillas attributed to Israel.

The everyday exchanges of rockets and mortar and artillery rounds have also claimed a half-dozen civilian victims. Twice in the last two months, the lethal cycle has threatened to grow into a wider war, and among the pined roads and shattered homes that dot this countryside, there is a stark contrast with the quiet that Syria has chosen for the portion of its own land occupied by Israel.

"In the Golan Heights, Assad is showing that he can deliver security," one diplomat in Beirut said. "In southern Lebanon, he's showing that he can deliver the opposite of security. And Lebanon is caught in between, as usual."

Ever since Israel first invaded Lebanon in 1978, the conflict has proceeded according to a deadly cycle. The Israeli government, asserting a need to defend its citizens from cross-border attacks, has said it will negotiate a withdrawal only after those guerrillas strike end. The guerrillas, asserting a right to resist foreign occupation, have said they will continue to fight until the last Israeli soldier is gone.

Through a second Israeli invasion in 1982 and Israel's creation of what it calls its security zone along the Lebanese side of the border in 1985, the conflict has continued, despite the presence of 5,000 UN peacekeepers still known as an interim force.

But while Palestinian and Shiite Muslim militias have had a large hand in the fighting, it is the more secretive Iranian-backed Hezbollah, formed after the Israeli invasion of 1982, that has emerged as the most formidable force.

As many as 3,000 Hezbollah fighters are now in southern Lebanon, Western diplomats say, although UN officers say they believe that no more than 300 play a full-time combat role.

After a surge in their activity early this year, they carry out an average of two op-



Lebanese soldiers checking damage after an Israeli helicopter raid in Harouf, Lebanon. At right, President Assad of Syria, who holds the key to Lebanon's security.

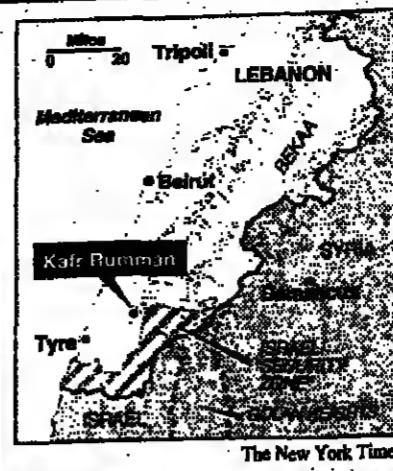
erations a day against the 1,100 Israeli soldiers and 2,500 members of an Israeli-backed Lebanese Christian militia that defends heavily fortified positions inside the 15-kilometer (9-mile) deep occupation zone.

But it is Syria, by virtue of geography and its occupation of Lebanon, which controls Hezbollah's supply lines, and diplomats and Lebanese officials say that has allowed Damascus great influence over the guerrillas' operations. Even as it has expressed greater interest in peace with Israel, two Western diplomats said, Syria has continued to allow a limited number of Iranian military transport planes to land at Damascus International Airport with arms intended for the guerrillas.

From there, the weapons are delivered aboard Syrian military trucks to Hezbollah bases in the Bekaa.

As described by the diplomats and Lebanese officials, Syria wants the Hezbollah to serve as a negotiating card, one that it can allow to become more aggressive in its attacks on Israelis or rein in by reducing supplies.

Such influence reflects the extent of Syria's control over Lebanon, where government officials do not complain even though the agreement that ended the 1975-90 civil war called for Damascus to begin withdrawing its troops two years ago.



The New York Times

Quiet End To War Ceremonies In Japan

The Associated Press

TOKYO — Quietly closing a year of divisive commemorations of World War II, Japan marked the 50th anniversary of the end of the war on Monday by calling for world peace but without offering the full apology demanded by victims of the country's wartime aggression.

The ceremony was originally scheduled for Aug. 15, 50 years after Japan's surrender, as an official acknowledgement of the country's war role, but conservative opposition forced a postponement until Monday.

Prime Minister Tomiichi Murayama offered condolences for those who were killed in the war, but he did not expand or match earlier apologies that have been denied by Japan's neighbors as inadequate.

"Our country pledges to humbly learn history, and we will strive to promote world peace and prosperity and to play an active role as a member of international society," Mr. Murayama told the audience at the National Theater.

The ceremony, also attended by Emperor Akihito and Empress Michiko, is probably the last in a series of events this year marking various 50th anniversaries surrounding the final days of World War II.

Mr. Murayama made one of the clearest war apologies of any Japanese prime minister in August when he expressed "deep remorse" and called Japan's conquest and colonization of its Asian neighbors "a mistaken national policy."

China and South Korea, however, criticized the government for failing to approve a parliamentary statement of apology.

The ceremony, on Monday coincided with the 39th anniversary of Japan's entry to the United Nations, and many of the speeches concentrated on its role as a pacifist country.

Instead, all 40,000 of the Syrian soldiers have stayed and have maintained scrupulous security.

Prime Minister Rafik Hariri defended their presence. "There is a huge difference between the Syrians existing in Lebanon and the Israeli occupation of the south," he said in an interview.

"The Israeli troops committed an aggression and they occupied the country by force, while the Syrians came with an agreement."

As spelled out by the prime minister and others, Lebanon expects to reach a peace agreement with Israel in tandem with Syria, and is willing to dispatch half of its 55,000-member army to southern Lebanon as part of that accord to assure security there.

COMING UP
The Bushmen of Botswana's Kalahari Desert have been driven out of their homelands into bleak settlements to make room for cattle grazing. John Hardbattle has become their advocate.

TRAVEL UPDATE

A Return to Normal for Parisians

PARIS (AP) — The Paris Metro and bus systems will be virtually back to normal Tuesday as staff return to work and rolling stock is brought back into action, the RATP mass transit authority said Monday.

Two suburban RER train lines — A and B — were also scheduled to be functioning at 100 percent, after resuming some services during the day Monday, a spokesman said.

Some subway lines ran normal services Monday, while others operated at only 25 percent of capacity and several remained closed. Only 20 percent of buses were operating. Most bus lines were expected to return to normal Tuesday, while all but three Metro lines — Nos. 7, 8 and 12 — were due to run full services.

Before hard-core strikers blocked the tracks, the state rail company had resumed normal services between Paris and London on Monday morning after a break of nearly a week caused by the strike. Elsewhere in France, rail services were slowly returning to normal, although workers in Marseille voted to stay on strike demanding payment for strike days lost.

Belgian Workers Disrupt Rail Service

BRUSSELS (AP) — Signalmen on the Belgian rail network disrupted traffic with sudden strike action on Monday a day before a total railway strike against a restructuring plan.

The Belgian state railway company SNCB said some groups of workers were delaying international traffic and had paralyzed some services in the regions of Hainaut, Liege and Namur.

Swiss Issue Avalanche Warnings

DAVOS, Switzerland (AP) — As the Christmas rush approaches, Swiss authorities have issued avalanche warnings for most parts of the Swiss Alps.

With new snowfall expected Wednesday, the dangers will increase, the Federal Institute for Snow and Avalanche Research said Monday. High-risk spots are along the main Alpine ridge, particularly in north Ticino and Engadine, where forty large avalanches could start spontaneously.

The French-Malaysian managers of Phnom Penh International Airport have bowed to airline complaints and postponed plans to more than double landing and parking fees, an evening paper reported Monday.

Swiss Issue Avalanche Warnings

DAVOS, Switzerland (AP) — As the Christmas rush approaches, Swiss authorities have issued avalanche warnings for most parts of the Swiss Alps.

With new snowfall expected Wednesday, the dangers will increase, the Federal Institute for Snow and Avalanche Research said Monday. High-risk spots are along the main Alpine ridge, particularly in north Ticino and Engadine, where forty large avalanches could start spontaneously.

The French-Malaysian managers of Phnom Penh International Airport have bowed to airline complaints and postponed plans to more than double landing and parking fees, an evening paper reported Monday.

Swiss Issue Avalanche Warnings

DAVOS, Switzerland (AP) — As the Christmas rush approaches, Swiss authorities have issued avalanche warnings for most parts of the Swiss Alps.

With new snowfall expected Wednesday, the dangers will increase, the Federal Institute for Snow and Avalanche Research said Monday. High-risk spots are along the main Alpine ridge, particularly in north Ticino and Engadine, where forty large avalanches could start spontaneously.

The French-Malaysian managers of Phnom Penh International Airport have bowed to airline complaints and postponed plans to more than double landing and parking fees, an evening paper reported Monday.

Swiss Issue Avalanche Warnings

DAVOS, Switzerland (AP) — As the Christmas rush approaches, Swiss authorities have issued avalanche warnings for most parts of the Swiss Alps.

With new snowfall expected Wednesday, the dangers will increase, the Federal Institute for Snow and Avalanche Research said Monday. High-risk spots are along the main Alpine ridge, particularly in north Ticino and Engadine, where forty large avalanches could start spontaneously.

The French-Malaysian managers of Phnom Penh International Airport have bowed to airline complaints and postponed plans to more than double landing and parking fees, an evening paper reported Monday.

Swiss Issue Avalanche Warnings

DAVOS, Switzerland (AP) — As the Christmas rush approaches, Swiss authorities have issued avalanche warnings for most parts of the Swiss Alps.

With new snowfall expected Wednesday, the dangers will increase, the Federal Institute for Snow and Avalanche Research said Monday. High-risk spots are along the main Alpine ridge, particularly in north Ticino and Engadine, where forty large avalanches could start spontaneously.

The French-Malaysian managers of Phnom Penh International Airport have bowed to airline complaints and postponed plans to more than double landing and parking fees, an evening paper reported Monday.

Swiss Issue Avalanche Warnings

DAVOS, Switzerland (AP) — As the Christmas rush approaches, Swiss authorities have issued avalanche warnings for most parts of the Swiss Alps.

With new snowfall expected Wednesday, the dangers will increase, the Federal Institute for Snow and Avalanche Research said Monday. High-risk spots are along the main Alpine ridge, particularly in north Ticino and Engadine, where forty large avalanches could start spontaneously.

The French-Malaysian managers of Phnom Penh International Airport have bowed to airline complaints and postponed plans to more than double landing and parking fees, an evening paper reported Monday.

Swiss Issue Avalanche Warnings

DAVOS, Switzerland (AP) — As the Christmas rush approaches, Swiss authorities have issued avalanche warnings for most parts of the Swiss Alps.

With new snowfall expected Wednesday, the dangers will increase, the Federal Institute for Snow and Avalanche Research said Monday. High-risk spots are along the main Alpine ridge, particularly in north Ticino and Engadine, where forty large avalanches could start spontaneously.

The French-Malaysian managers of Phnom Penh International Airport have bowed to airline complaints and postponed plans to more than double landing and parking fees, an evening paper reported Monday.

Swiss Issue Avalanche Warnings

DAVOS, Switzerland (AP) — As the Christmas rush approaches, Swiss authorities have issued avalanche warnings for most parts of the Swiss Alps.

With new snowfall expected Wednesday, the dangers will increase, the Federal Institute for Snow and Avalanche Research said Monday. High-risk spots are along the main Alpine ridge, particularly in north Ticino and Engadine, where forty large avalanches could start spontaneously.

The French-Malaysian managers of Phnom Penh International Airport have bowed to airline complaints and postponed plans to more than double landing and parking fees, an evening paper reported Monday.

Swiss Issue Avalanche Warnings

DAVOS, Switzerland (AP) — As the Christmas rush approaches, Swiss authorities have issued avalanche warnings for most parts of the Swiss Alps.

With new snowfall expected Wednesday, the dangers will increase, the Federal Institute for Snow and Avalanche Research said Monday. High-risk spots are along the main Alpine ridge, particularly in north Ticino and Engadine, where forty large avalanches could start spontaneously.

The French-Malaysian managers of Phnom Penh International Airport have bowed to airline complaints and postponed plans to more than double landing and parking fees, an evening paper reported Monday.

Swiss Issue Avalanche Warnings

DAVOS, Switzerland (AP) — As the Christmas rush approaches, Swiss authorities have issued avalanche warnings for most parts of the Swiss Alps.

With new snowfall expected Wednesday, the dangers will increase, the Federal Institute for Snow and Avalanche Research said Monday. High-risk spots are along the main Alpine ridge, particularly in north Ticino and Engadine, where forty large avalanches could start spontaneously.

The French-Malaysian managers of Phnom Penh International Airport have bowed to airline complaints and postponed plans to more than double landing and parking fees, an evening paper reported Monday.

Swiss Issue Avalanche Warnings

DAVOS, Switzerland (AP) — As the Christmas rush approaches, Swiss authorities have issued avalanche warnings for most parts of the Swiss Alps.

With new snowfall expected Wednesday, the dangers will increase, the Federal Institute for Snow and Avalanche Research said Monday. High-risk spots are along the main Alpine ridge, particularly in north Ticino and Engadine, where forty large avalanches could start spontaneously.

The French-Malaysian managers of Phnom Penh International Airport have bowed to airline complaints and postponed plans to more than double landing and parking fees, an evening paper reported Monday.

Swiss Issue Avalanche Warnings

DAVOS, Switzerland (AP) — As the Christmas rush approaches, Swiss authorities have issued avalanche warnings for most parts of the Swiss Alps.

With new snowfall expected Wednesday, the dangers will increase, the Federal Institute for Snow and Avalanche Research said Monday. High-risk spots are along the main Alpine ridge, particularly in north Ticino and Engadine, where forty large avalanches could start spontaneously.

The French-Malaysian managers of Phnom Penh International Airport have bowed to airline complaints and postponed plans to more than double landing and parking fees, an evening paper reported Monday.

Swiss Issue Avalanche Warnings

DAVOS, Switzerland (AP) — As the Christmas rush approaches, Swiss authorities have issued avalanche warnings for most parts of the Swiss Alps.

With new snowfall expected Wednesday, the dangers will increase, the Federal Institute for Snow and Avalanche Research said Monday. High-risk spots are along the main Alpine ridge, particularly in north Ticino and Engadine, where forty large avalanches could start spontaneously.

The French-Malaysian managers of Phnom Penh International Airport have bowed to airline complaints and postponed plans to more than double landing and parking fees, an evening paper reported Monday.

Swiss Issue Avalanche Warnings

DAVOS, Switzerland (AP) — As the Christmas rush approaches, Swiss authorities have issued avalanche warnings for most parts of the Swiss Alps.

With new snowfall expected Wednesday, the dangers will increase, the Federal Institute for Snow and Avalanche Research said Monday. High-risk spots are along the main Alpine ridge, particularly in north Ticino and Engadine, where forty large avalanches could start spontaneously.

The French-Malaysian managers of Phnom Penh International Airport have bowed to airline complaints and postponed plans to more than double landing and parking fees, an evening paper reported Monday.

Swiss Issue Avalanche Warnings

THE AMERICAS

POLITICAL NOTES

Clinton's Chances Even in '96

WASHINGTON — At the dawn of the 1996 election year, the country is evenly divided over whether President Bill Clinton deserves a second term. Americans were also leaning toward Democrats for the next Congress, according to an Associated Press poll.

The poll found that 43 percent of those surveyed believe that President Clinton should be re-elected, against 42 percent who oppose his re-election and 15 percent who are undecided.

Among Republican White House hopefuls, Bob Dole, the Senate majority leader, tested strongest when voters were asked to match the attribute they consider most important in a president with a list of Republican candidates. Mr. Dole's rivals barely registered in that test.

Asked whether they would vote Republican or Democrat if the election for Congress were held today, 46 percent backed the Democrats and 37 percent the Republicans. A total of 13 percent were undecided; 10 gave no answer and 4 percent said they would not vote. (AP)

Dole Thinks Powell Would Run

WASHINGTON — Despite Colin L. Powell's flat rejection of the idea, the Republican presidential front-runner, Bob Dole, said he thought that the retired general would agree to serve as his vice presidential running mate in 1996. Appearing on an NBC-TV program, Mr. Dole said he was convinced that the former general would "answer the call to duty."

When Mr. Powell announced last month that he had decided not to enter the presidential campaign, he also said that he would not agree to serve as another candidate's running mate. He said he had firmly ruled out any national political bid in 1996.

Mr. Dole, Republican of Kansas, acknowledged that the much admired Mr. Powell would clearly lift his own fortunes in a race against President Clinton.

"I think with his concern about America, his service to America and his concern about the future, bringing people together, blacks, whites, Hispanics, you know, we are one nation and my view is that he would answer the call to duty again," he said.

Mr. Dole, who is now leading the Republican field, made clear that he put no stock in any rejection of a place on the ticket before an offer is actually made. When the offer comes, he said, "it's hard to turn down the president, the nominee."

He added, "I'd be surprised" if Mr. Powell did.

A spokesman for Mr. Powell, Bill Smullen, said that Mr. Dole and Mr. Powell had not discussed the vice presidency. "They haven't talked about that, nor has he been asked by the senator," he said. "But the general made it very clear when he made his announcement on Nov. 8 that he was not seeking an elective office in 1996 and that would include the vice presidency." (LAT)

Quote/Unquote

Representative Frank R. Wolf, Republican of Virginia: "Twenty years ago, if you got support from gambling interests it would have been the kiss of death. If you were running for office in Illinois or Iowa and got money from gambling interests, you wouldn't want to tell your brother or mother."

(NYT)

Away From Politics

The peak of the Salvation Army bell is dying out in an increasing number of stores around the United States, a New York Times survey has found. The charity's bell-ringers are being banned as part of a strategy to keep unions out. Retailers say that granting access to charities might require them to do the same for union organizers. (NYT)

More than a week after a man burned down a Harlem clothing store, killing seven people and himself in what the authorities say was a racially motivated attack, New York police have questioned another man who, according to a witness, threatened to "burn the Jew store down." The man, Tracy Lagan, 37, of the Bronx, was detained after the police spotted him at rally in Harlem. (NYT)

A New Jersey pathologist who has consistently criticized the state's handling of autopsies says the state medical examiner's office has framed him in a criminal case, and he is seeking to have the indictment against him dismissed. The pathologist, Dr. Claus P. Speth, has been indicted on a charge of tampering with evidence in a suicide case. In court papers filed on Friday in Newark, the pathologist said he was "the victim of a frame-up engineered within the state medical examiner's office." (NYT)

By Brian Knowlton
International Herald Tribune

WASHINGTON — With the broader clash over the budget no nearer a solution, President Bill Clinton vetoed two spending bills Monday that he said would harm the nation's environment and kill an urban program close to his heart.

The vetoes came as the budget battle forced government offices to send a quarter-million federal employees home.

Many workers expressed anger over the timing of this, the second partial shutdown in a month, coming just a week before Christmas.

"It's absolutely disgusting," said Walter Martin, a Labor Department employee. "There's a lot of work to be done."

Mr. Clinton rejected bills to provide funding for the departments of the Interior, Veterans Affairs and Housing and Urban Development, as well as the Environmental Protection Agency. Among other things, the bills would have cut spending on the environment by about one-fifth, and killed his AmeriCorps community service program.

The president, as he has done before, fixed blame for the budget standoff on the Republicans, saying the American people could not accept their plans for deep cuts in spending on health, education and the environment.

But the Senate majority leader, Bob Dole, accused the president of "playing politics" by telling Americans that "the sky is falling in."

Mr. Dole said that the standoff over how to balance the federal budget could be resolved if Mr. Clinton would talk with him and the speaker of the House, Newt Gingrich, without staffs present. Late Monday, the president called both Republican leaders to offer



Two Democratic senators, Sam Nunn of Georgia, left, and William S. Cohen of Maine, heading into a White House meeting on the budget impasse. The partial government shutdown was the second in a month.

what the White House spokesman says is derived from polls showing public support for his stance — is reflected in the fact that he had cast only six vetoes before Monday. President Franklin D. Roosevelt cast that many in a single day, on Aug. 1, 1939.

The two bills vetoed Monday would have reduced federal housing programs by 21 percent, trimmed the Environmental Protection Agency budget by 21 percent and cut veterans' medical care to \$400 million below the amount Mr. Clinton had requested. Funding for the National Endowment

for the Arts and the National Endowment for the Humanities would have been cut by nearly 40 percent.

The president also said he would veto a third bill, covering the departments of Commerce, Justice and State.

The bill, Mr. Clinton's aides said, would gut the Commerce Department and shift funds that he had hoped would put an additional 100,000 police officers on American streets.

The bill also called for a 30 percent cut in funds for the Legal Services

Corporation, which provides legal aid to the poor.

The latest shutdown has closed most national parks and memorials, with the exception of tourist facilities in the Grand Canyon, which are being kept open with \$21,500 from a private businessman.

Offices of the District of Columbia, closed in the earlier shutdown, remain open this time.

No passports are being issued, except in emergencies.

Social Security checks and Medicare payments will be issued; unlike last month's shutdown, Social Security and Veterans Affairs field offices will remain open to accept benefit applications.

Mail service was functioning normally.

Unfurloughed workers are expected to receive back pay after they return to work, as has happened in earlier shutdowns, but separate legislation is required for that.

Some hopes of a budget solution were raised Sunday when a bipartisan group of senators met to try to find a formula that could attract support from Democrats and centrist Republicans to help end the impasse.

One of the group's leaders, Senator John B. Breaux, Democrat of Louisiana, gave a sense Monday of what the senators believed was needed. "Democrats have to realize that there are going to be larger reductions in the entitlement programs," he said on Fox television.

"Republicans are going to also have to realize that the tax cut is too large, and it's going to have to come down," Mr. Breaux said. "That's where a compromise and final end to this mess is going to have to come from."

One Suspect in Racial Killings Had Lost Security Clearance

GI Had Been Disciplined for Views

By Michael Janofsky
New York Times Service

FAYETTEVILLE, North Carolina — One of the soldiers accused last week of killing a black couple here had lost his security clearance and been disciplined for voicing far-right views, according to records made public by the U.S. Army.

The disclosure indicated that army officials at the base here, Fort Bragg, knew for at least 10 months that the soldier, Private James Burmeister 2d, was an active white supremacist.

It is also likely to raise questions about how aggressively army officials react when they have evidence of white supremacist activity or suspicion that a soldier harbors extreme racist views.

Personnel records for Private Burmeister indicate that last February he wore a Nazi medal under his uniform until a supervisor noticed it during a

counseling session and made him remove it.

The records also show that he fought with a black soldier in the barracks last August in an incident that cost Private Burmeister his security clearance and left him with a broken nose.

The soldier, 20, from Thompson, Pennsylvania, and two other privates — Malcolm Wright Jr. of Louisville, Kentucky, and Randy Meadows of Mulkeyville, Illinois, both 21 — were charged in what the Fayetteville police have called racially motivated killings.

The police have described Privates Burmeister and Wright as skinheads with strong white supremacist views. After the arrests, the police said they found white supremacist material, including a Nazi banner, in an off-base room where Private Burmeister frequently stayed.

The records were also made public as Fort Bragg officials

renewed the end of an investigation into white supremacist activity at the base, which has more than 42,000 uniformed personnel.

That initiative was begun last Monday, one day before Togo West Jr., the secretary of the Army, ordered a similar investigation for all army bases.

Although stressing that interviews at Fort Bragg would continue, Lieutenant Colonel Robert McFerridge, the legal adviser to the 82d Airborne Division, said investigators had found evidence that only a few soldiers, perhaps a dozen, harbored the kind of racist views held by the soldiers who were arrested.

"We're almost finished," Colonel McFerridge said. "We're still talking to people. But it's dying down at this point, and I think this is going to show people that the numbers are indeed declining and with out significance."

Simpson Greeting for Black Jurors

The Associated Press

NEW YORK — O. J. Simpson delivered a videotaped greeting at a Los Angeles party for friends, attorneys and the jurors who acquitted him, telling them, "I hope to break bread with you soon," a newspaper reported Monday.

About a dozen blacks and Hispanics who served as jurors or alternates were among 200 at a holiday party Saturday in the Beverly Hills section of Los Angeles given by one of Mr. Simpson's attorneys, Johnnie L. Cochran Jr.

None of the white jurors or alternates attended, the New York Daily News reported.

"Merry Christmas," said Mr. Simpson, who was pictured on a giant video screen with his four children at his side. "I wish I could be there with you all, but I'm home with my family. I hope to break bread with you soon."

Earlier, the guests cheered a replay of the Oct. 3 verdicts that acquitted Mr. Simpson in the June 1994 slayings of his former wife, Nicole Brown Simpson, and Ronald Goldman.

We care.

How? The American Hospital of Paris has a policy of investing in ever more effective, state-of-the-art technology in order to offer patients the best possible facilities for diagnosis and treatment.

That's a way of caring.

Our hi-tech services alone are equal to those of a 1000- to 2000-bed hospital; but we have only 187 beds, a comfortably small number, which allows us to give personal attention to every patient.

That's tender, loving care.

We have 450 accredited doctors, 600 employees to take care of you. Our Out-Patient Department has more than 120 specialists covering most fields of medicine and surgery. We speak English and French, and we have people to assist with other languages.

Our Emergency Service is here for you 24/24. Experienced physicians ensure duty round-the-clock. They have specialists on call. A cardiologist and a recovery room physician are also present at all times.

You may recover up to 100% of your health-care costs by your complementary insurance or by "Serenity" insurance available to members of the American Hospital. For more information call our Welcome Service at 46 41 27 27. And get our free brochure.

We care about you.

American Hospital of Paris
63, bd Victor-Hugo 92202 Neuilly Telephone 46 41 25 25

Préval Wins 80% of Vote in Haiti's Presidential Poll

By Douglas Farah
Washington Post Service

the 14-man presidential race. He will take office Feb. 7.

Successfully holding elections to replace Mr. Aristide was a key test of U.S. policy in this impoverished nation. In September 1994, President Bill Clinton ordered 20,000 U.S. troops to occupy the nation to end three years of military rule, return Mr. Aristide to office and restore the democratic process.

Mr. Aristide was overthrown by military in September 1991, after holding office for only seven months.

Haitian and U.S. officials expressed disappointment in the low voter turnout, but there were no serious challenges to the legitimacy of the process. Instead, the officials stressed the overall atmosphere of peace that prevailed during the voting, and the fact that, for the first time in its turbulent 192 years of independence, one freely elected president would turn over power to an elected successor.

J. Brian Atwood, director of the United States Agency for International Development who led the U.S. delegation, said the election of a new president was a "crucial milestone in Haiti's progress toward an enduring democratic order." He added: "It will permit the first-ever

transition in Haiti's history from one democratically elected president to another."

Mr. Atwood said the low voter turnout would have been more of a concern if people had stayed away because of fear or because they were disenfranchised from the political system.

"We saw absolutely none of that here," he said. "The turnout does not in any way harm or destroy the legitimacy of this process."

Even the International Republican Institute, a conservative election monitoring group that had blasted the June 25 legislative and municipal elections, called the voting Sunday a "crucial marker in the nation's road toward democratic government and improved socioeconomic outlook."

The leader of the institute's delegation, Georges Faouzi, agreed that the elections were "generally orderly and free of overt intimidation," but warned that the "emergence of Haiti's democratic process remains very fragile."

"Considering the fact that yesterday's balloting is to lead up to the first democratic presidential transition in Haiti's history, this magnitude of voter

apathy must be addressed," Mr. Faouzi said.

Just how extraordinary the upcoming transfer is can be seen by reviewing the history of those who have served as Haiti's president. Jean-Jacques Desalines, the first governor-general after Haiti's independence from France in 1804, was assassinated. He was followed by Henri Christophe, who committed suicide. Mr. Christophe was followed by a long series of leaders who were either killed or sent into exile. The cause of death for President Cincinnati Lecot in 1912 is listed as "blown up in the presidential palace." A few, like the iron-fisted dictator François Duvalier in 1971, died in office.

Observers cited two main factors in the low turnout: The fact that Mr. Aristide remains tremendously popular and many people wanted him to remain in office for another three years to make up for the years he spent in exile; and the fact that the return to democratic order had brought no tangible economic benefit to most in the hemisphere's poorest nation.

"Haiti still faces enormous challenges

in its struggle to bring a better life to all Haitians," Mr. Atwood acknowledged.

Now you can order a plane like you order a cab.

Phone check-in on Club Europe

CLUB EUROPE

BRITISH AIRWAYS

The world's favourite airline

هذا من العمل

Hong Kong Seems Ripe for Exodus

Wei Trial Further Weakens Trust in Beijing's Rule

By Kevin Murphy
International Herald Tribune

HONG KONG — As Britain's long rule in Hong Kong nears an end, growing numbers of local people have decided against merely swapping one colonial overlord for another.

Their destiny has largely been determined by more than 10 years of talks, toasts and threats between diplomats from Beijing and London. Now many Hong Kong people are preparing to cast a final, important vote with their feet.

Almost powerless to change the course that lies ahead of them, more Hong Kong people than ever are willing and able to leave town forever, analysts said they believe.

"A whole series of recent events has undermined many people's confidence in their future here," said Michael de Golyer, head of the Hong Kong Transition Project, an ongoing social and economic research study. "The cumulative effect is that it is really beginning to shake people up."

In several high-profile incidents, Beijing has served notice that it intends to put tight political control of Hong Kong ahead of some civil liberties and is willing to overturn British-initiated policies, laws and institutions to do it.

The recent conviction of the Chinese dissident Wei Jing-sheng and his lengthy prison sentence have brought a confidence-rattling period to an extreme head here.

"It's the worst I have seen since 1989 and the reaction to Tiananmen Square," said Mr. de Golyer, of the shock and anger now coming to the surface in a community that usually tries to ignore the uncertainty and likely changes that the return to China in mid-1997 will bring.

That Mr. Wei received, apparently on order from China's leaders, a 14-year prison sentence for criticizing political leaders and establishing a company — everyday events that concern Beijing more than its clear worry over tight political control of Hong Kong.

But with the local economy slowing down, unemployment rising, property prices in the doldrums and many Hong Kong residents deciding they have fewer reasons not to leave, China appears unconcerned that circumstances have reached that point.

people, especially with the Wei Jing-sheng case. For the well-educated Chinese businessman, it's an important thing."

Mr. Saint-Louis also reported an increase in clients who first came in for information a year or two ago: "They were hoping the transition would go smoothly. Now they are worried it won't."

Nearly three million Hong Kong residents, half the population, now have close family relatives elsewhere or can move to another country, according to Mr. de Golyer's studies. Given the recent portents from Beijing, many are ready to go.

The Hong Kong Transition Project estimates that there are 450,000 expatriates in Hong Kong, about 400,000 people with the right of abode elsewhere and more than 2 million people with a close family member abroad who could reasonably be expected to sponsor their life in a new land.

Exactly who and how many will abandon Hong Kong in the 18 months that remain before China regains control depend mainly on how Beijing manages the transition, analysts said.

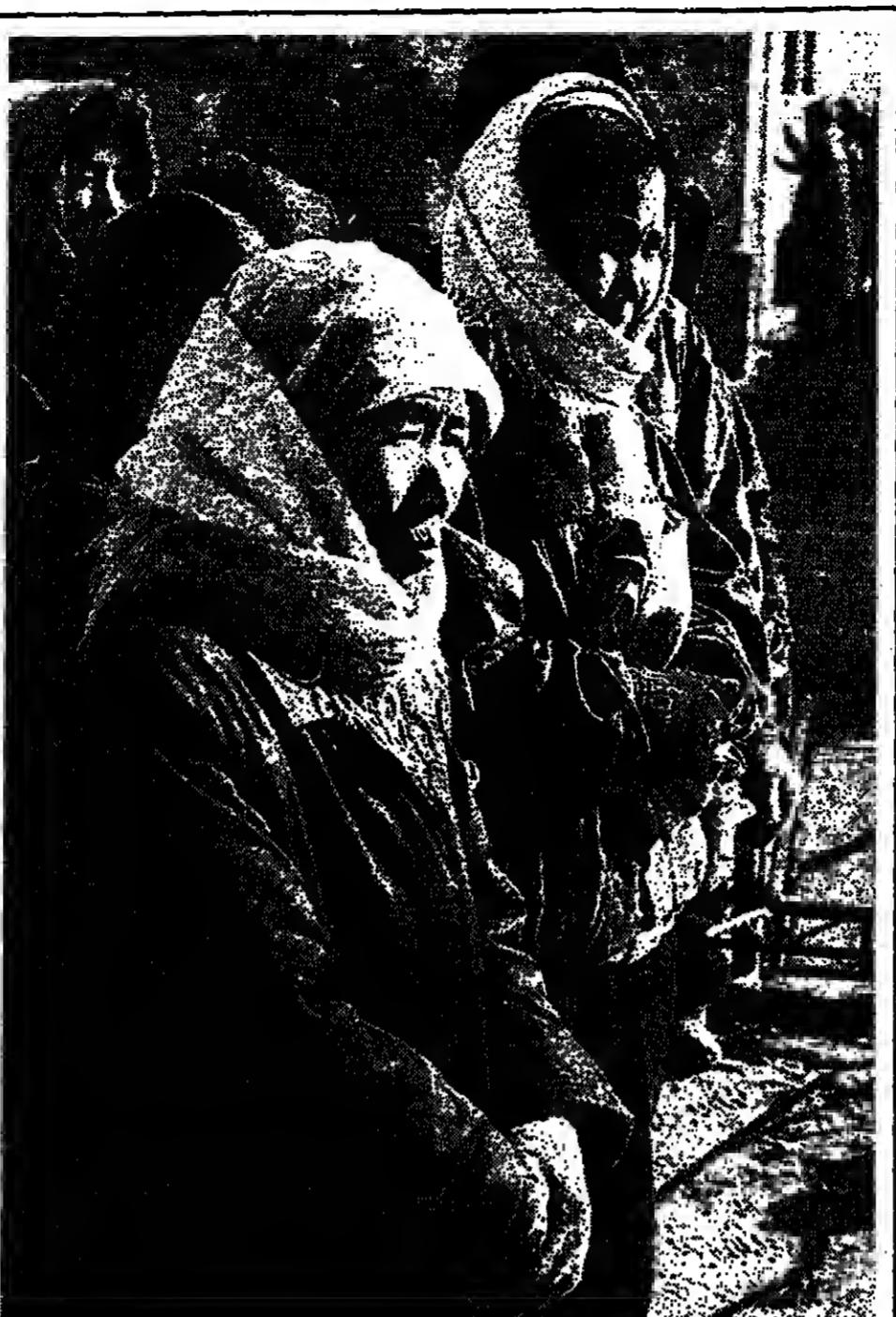
Mr. de Golyer estimated that 90,000 to 100,000 people "at a minimum" will emigrate in 1996 — a 50 percent increase over 1995 — and more if China continues to send disturbing signals about the future.

Tens of thousands of families have already left Hong Kong in the last decade although some returned to work in a buoyant economy here after they established their "insurance policy" of residency or citizenship in such countries as Canada, Australia, the United States and Britain.

But many have not returned, splitting families and sending salaries for skilled workers soaring while creating opportunities for many outsiders who came in to replace them.

At some point, analysts warn, the economic damage of a major exodus of an enlarged China's riches and most sophisticated citizens would concern Beijing more than its clear worry over tight political control of Hong Kong.

But with the local economy slowing down, unemployment rising, property prices in the doldrums and many Hong Kong residents deciding they have fewer reasons not to leave, China appears unconcerned that circumstances have reached that point.



Villagers in Taziri, North Korea, waiting for the Red Cross to deliver food.

Assessing North Korean Flooding Red Cross Says Damage Is Far Worse Than Thought

Agence France-Presse

BEIJING — Flood damage in North Korea is far worse than originally estimated and will necessitate international aid until late next year, a senior Red Cross official said here Monday.

"At first we thought we were dealing with a normal post-floods operation, helping vulnerable families through a difficult period," said Piero Calvi-Pariscetti, who heads the delegation of the International Committee of the Red Cross in North Korea.

"Now it is clear that aid will be needed for much longer — almost certainly until the next rice harvest in the fall of 1996," he said.

The August flooding has affected an estimated 5 million people, with about 500,000 left homeless.

Mr. Calvi-Pariscetti, who has traveled extensively in the country throughout the last two

months, reported seeing early signs of malnutrition among young children and hastily erected replacement shelters creating appalling housing conditions.

"These are all clear indications of the complex humanitarian emergency facing North Korea," he said.

"Many thousands of needy people are suffering and with temperatures in rural areas already standing at minus 10 degrees centigrade and falling, the worst of the winter is yet to come." Minus 10 centigrade is 10 degrees Fahrenheit.

The federation is attempting to provide quilts, blankets, medical items and, most importantly, food to 26,000 families who lost everything in the floods — homes, possessions and rice stocks — but Mr. Calvi-Pariscetti warned that international aid was insufficient.

Mr. Calvi-Pariscetti, who has traveled extensively in the country throughout the last two

months, reported seeing early signs of malnutrition among young children and hastily erected replacement shelters creating appalling housing conditions.

"These are all clear indications of the complex humanitarian emergency facing North Korea," he said.

"Many thousands of needy people are suffering and with temperatures in rural areas already standing at minus 10 degrees centigrade and falling, the worst of the winter is yet to come." Minus 10 centigrade is 10 degrees Fahrenheit.

The federation is attempting to provide quilts, blankets, medical items and, most importantly, food to 26,000 families who lost everything in the floods — homes, possessions and rice stocks — but Mr. Calvi-Pariscetti warned that international aid was insufficient.

Mr. Calvi-Pariscetti, who has traveled extensively in the country throughout the last two

Australia and Indonesia Sign Security Cooperation Accord

Compiled by Our Staff From Dispatches

JAKARTA — Indonesia and Australia signed a security cooperation pact on Monday that both have described as historic.

The Agreement on Maintaining Security was signed by Foreign Minister Ali Alatas of Indonesia and his Australian counterpart, Gareth Evans, at the Merdeka Palace. President Suharto and Prime Minister Paul Keating of Australia looked on.

The accord marks a high point in a relationship that has often been clouded by controversy. Australia considered Indonesia a military danger when their troops were in opposition in Malaysia 30 years ago.

"This is a statement which makes clear what our strategic intentions are towards one another," Mr. Keating said of the agreement. "It must do a lot to reduce suspicions in both countries of both countries," he said at a press conference.

State Secretary Mardiono quoted Mr. Suharto as saying: "hopefully, existing doubt

within certain circles in Australia on Indonesia's position will disappear."

The president stressed as neighbors we should mutually respect, befriend and trust each other and enhance cooperation for the mutual good of both sides," Mr. Mardiono said.

"As far as Australia is concerned, it seems a lot of symbolism," one diplomat said.

Speaking of the part of Australia that lies closest to Indonesia, he said: "It formally renounces the great Indonesian threat to the north which was common currency 10 years ago in Australia. That is now formally at rest."

For Australia, advantages include a foothold on security issues in Southeast Asia and a possible boost for Mr. Keating ahead of general elections due next year, the diplomat said.

For Indonesia, they said it institutionalized military training and other arrangements already in place and could help the sprawling Asian country to modernize its armed forces.

"There are fundamental

questions outstanding now but the agreement appears to have been the result of personal chemistry between Suharto and Keating," an Asian diplomat said.

Both countries reaffirmed their respect for the sovereignty, political freedom and territorial integrity of all countries. They said the agreement would not affect their existing commitments. (AFP, Reuters)

■ Protest in Jakarta

About 30 Indonesian students staged a noisy protest against Transport Minister Haryanto Damantoro and demanded his resignation on Monday, after allegations of misdeeds at his ministry, Reuters reported.

"Bring transport minister to trial," the activists from the radical Pijar student movement shouted, as they unfurled banners and posters criticizing Mr. Damantoro.

Some two dozen policemen and military officers watched the brief protest outside the Transport Ministry in Jakarta, but there were no arrests.

BRIEFLY

Cult Chief Called Devil

TOKYO — The leader of the Aum Supreme Truth cult, Shoko Asahara, was called a "devil" Monday by a former sect official who said he wanted to kill Mr. Asahara for inspiring a nerve-gas attack on the Tokyo subway and other terror assaults.

The former official, Masashi Mitsuiki, 44, told a court in Nagoya: "Aum's teachings are all wrong. An organization like this should be eradicated from the world."

Aum, at its spouse, claimed to have 10,000 people at home and 30,000 in Russia before a police crackdown that followed the March 20 subway gas attack, in which 11 were killed and some 5,500 injured. (AFP)

India Parliament Static

NEW DELHI (AFP) — Opposition members of Parliament, angered by the government's handling of the privatization of the telephone system, prevented Parliament from conducting business for a ninth straight day on Monday.

Both houses of Parliament adjourned quickly as opposition deputies noisily called for the resignation of Communications Minister Sushil Kumar and an investigation into privatization of the telecommunications sector.

The opposition accused the minister of favoring a company from his home state, Himachal Pradesh, in the granting of licenses to provide basic telecom services. (AFP)

Death Plot in Manila

MANILA — One of the seven Pakistanis arrested in the Philippines last week said the group planned to kill foreign dignitaries coming to Manila, a radio station reported.

Radio DZXL quoted Intizar Mohammed Yamin, 31, of Omarkhan, Pakistan, on Monday as saying that the plot was part of a plan to "sabotage" meetings of the Asia Pacific Economic Cooperation forum next fall. (AP)

Vietnam Rejects Appeal

HANOI (AFP) — Vietnam reaffirmed its tough line on political dissent Monday when a court rejected an appeal by Hoang Minh Chinh, an elderly and ailing critic of the government jailed last month.

Mr. Chinh, 76, a former top Communist official, was sentenced on Nov. 8 to one year in prison after he was found with documents said to be "anti-socialist."

The Hanoi Appeals Court rejected his call for his sentence to be overturned, and he will now remain in jail until June, a year after he was arrested at his home in Hanoi. Mr. Chinh is one of many officials who have been jailed or stripped of party membership for demanding the rehabilitation of cadres who they say were illegally purged in the 1990s. (AFP)

VOICES From Asia

Paul Keating, prime minister of Australia, on his country's new security agreement with Indonesia: "What it does is give full expression to the kind of relationship I believe we should have always had with Indonesia and it is a declaration of trust and cooperation on both our parts." (Reuters)

Mardiono, state secretary of Indonesia on President Suharto's remarks about the treaty with Australia: "The president stressed as neighbors we should respect, befriend and trust each other and enhance cooperation for the mutual good of both sides." (AFP)

INTERNATIONAL CLASSIFIED

REAL ESTATE TO RENT/SHARE

PARIS AREA FURNISHED

AGENCE CHAMPS ELYSEES

Furnished apartments, 3 months & more or furnished, readied areas

Tel: (1) 42 25 32 25

Fax: (1) 45 63 37 09

OWNER: LUXURIOUS Villa Bungalows, Wood panel, terrace, garden, 1 bedroom, 1 bathroom, 100 sqm. Tel: (1) 45 73 01 62

5th FLOOR, CHAMPS ELYSEES

2 bedrooms, 3 months & more or furnished, readied areas

Tel: (1) 42 25 32 25

Fax: (1) 45 63 37 09

AT HOME IN PARIS

PARIS PROMO

Rooms to rent furnished or not

24h/24h, 7 days/7 days, Tel: (1) 45 63 25 60

Embassy Service

YOUR REAL ESTATE AGENT IN PARIS

Tel: (1) 47 20 30 05

EDUCATIONAL POSITIONS AVAILABLE

TEACHER/HEAD COURSES

Teaching Research Program, Head for

Marketing, English, French, Spanish, German, Italian, Portuguese, etc.

Teacher, English, French, Spanish, German, Italian, Portuguese, etc.

EUROPE

Socialists Stay With González Party Leaders Ask Him to Seek 5th Term

Compiled by Our Staff From Dispatches

MADRID — Prime Minister Felipe González was formally proposed Monday as the governing Socialist's No. 1 candidate for general elections in March, ending speculation about the future of one of Europe's longest-serving leaders.

The decision was made unanimously at a meeting of the 35-member Socialist Party executive, the organizing secretary, Ciprián Císcar, said. The decision must be formally ratified on Friday by the 200-member Federal Committee.

"There were interventions by all members of the executive concluding in a unanimous agreement to propose the candidacy of Felipe González to the federal committee on Dec. 22," Mr. Císcar said. "Felipe González has agreed to accept the decision of the federal committee."

Now in his fourth term as prime minister since leading a landslide victory in 1982, Mr. González had intimated that although he would prefer to stand aside, he would run if the party asked him to.

Only the party's minority Socialist Left grouping is known to firmly oppose his candidacy.

Mr. González was elected party leader in 1974 and has been the organization's No. 1 candidate in six elections, four of which he has won.

Surveys indicate that a barrage of scandals has eroded the popularity of Mr. González and the Socialists and that the leading conservative opposition Popular Party could win the elections.

But the Socialists are aware that they have no candidate of stature to replace Mr. González and are optimistic that the party might make a comeback in the elections if led by Mr. González.

The 53-year-old prime minister has said he will call early elections for March, but has yet to set a date. The party lost its three-term absolute majority in the last elections, in 1993.

It is widely believed that Mr. González hoped step aside and let Foreign Minister Javier Solana Madariaga run instead, but that the plan was derailed when Mr. Solana was named secretary-general of the North Atlantic Treaty Organization this month.

Mr. González, weakened as he may be by the scandals, is still Spain's most popular political figure and the candidate best able to prevent the center-

right Popular Party from winning an absolute majority.

Polls show the Popular Party would be a clear winner but would fall short of an absolute majority. At present, the leading opposition party has no obvious political allies in Parliament and could face difficulties in forming a government.

Juan Carlos Rodríguez Iberá, one of the most vocal left-wing opponents of Mr. González's centrist policies, said Monday that the prime minister was the only alternative to forming a government.

"The problem is not González, it's the constant attacks on the party by circles of power in this country," he said.

He was referring to what the Socialists contend is a concerted smear campaign against them by opposition parties and the media.

Charges by a former Socialist Party member that Mr. González planned an illegal campaign against Basque separatists threatened to jeopardize his political career.

But the danger receded when the Supreme Court decided not to question Mr. González and a Senate committee set up to investigate the affair voted against calling him to testify.

(AP, Reuters)



Mr. González on Monday as his party moved toward making him its candidate.

BRIEFLY

Sweden Weighs Nuclear Power

STOCKHOLM — Sweden's Energy Commission on Monday backed down on a commitment to shut down the country's 13 nuclear reactors by 2010.

The commission, appointed by Parliament to cool down one of the country's hottest political potatos, said in its final report that it could not recommend a last date for the closure of what is now the source of half of Sweden's electric power.

The recommendations are not binding. (Reuters)

Cyprus to Protest Ciller Remarks

NICOSIA — Cyprus will protest to the European Union over remarks by the Turkish prime minister, Tansu Ciller, that Turkey would integrate the island's north if Cyprus joined the EU, the government spokesman said Monday.

Divided since Turkey invaded the island in July 1974, Cyprus applied for full EU membership in 1990. Accession talks are due to start six months after an intergovernmental summit next year.

Mrs. Ciller said during a television debate last week that if Cyprus were granted membership, Turkey would "add" northern Cyprus to its territory. (Reuters)

Sinn Fein Rejects Preconditions

DUBLIN — The IRA's political ally, Sinn Fein, told a U.S.-led commission Monday that peace negotiations must deliver results before any disarmament.

"We believe the preconditions to Sinn Fein's involvement need to be swept away," said Martin McGuinness, Sinn Fein's senior negotiator.

"We need to get into peace negotiations and we need all of the parties to recognize that it is long past that time," he added. The U.S. commission is led by former Senator George J. Mitchell, President Bill Clinton's special envoy. (AP)

Right Gains in French Police Vote

PARIS — Extreme rightists unions close to Jean-Marie Le Pen's anti-immigration National Front won 13.4 percent of the vote in union elections among France's policemen over the weekend, union officials said on Monday.

The Front National de la Police (FNP), founded by Mr. Le Pen's movement a few months ago, scored 7.5 percent among the 92,000 ordinary policemen and detectives, while the FNP, an older hard-right union, took 5.9 percent.

The left-of-center FASP union remains the largest force among the police, but its share of the vote fell to 42.4 percent, compared with 50.9 percent three years ago. (Reuters)

Calendar

European Union events scheduled Tuesday:

BRUSSELS: Environment Commissioner Ritt Bjerregaard meets Environment Minister Pekka Haavisto of Finland.

BRUSSELS: Regional Policy Commissioner Monika Wulf-Matthes and Internal Market Commissioner Mario Monti meet the Italian budget minister, Rainer Masera.

PARIS: Speech by the commissioner for competition policy, Karel van Miert, to a conference on monopoly and competition in the EU.

Sources: Agence Europe, AFP

Rebuffed at Polls, Austrian Right Vows Hard Line on Budget

Compiled by Our Staff From Dispatches

VIENNA — Austria's Social Democrat and conservative leaders appeared Monday to be headed for further clashes over a 1996 budget as they began setting out their bargaining positions ahead of coalition talks.

Wolfgang Schüssel, leader of the conservative Austrian People's Party, remained defiant despite failing in his efforts to dislodge the Social Democrats as the country's biggest party in general elections on Sunday.

"We are not prepared to talk about new taxes and higher taxes," he said in reference to future negotiations over the budget.

Mr. Schüssel, who was unanimously backed by senior members of his party, insisted that serious cuts in public

spending must be made to reduce the budget deficit, estimated at 120 billion schillings (\$12 billion) for 1995.

The deficit was the issue on which the old coalition between Mr. Schüssel and the Social Democratic chancellor, Franz Vranitzky, founded in October, prompting general elections three years ahead of schedule.

The outgoing government was due to hand in its resignation to President Thomas Klestil on Tuesday. Mr. Vranitzky was expected to be asked to stay on in a caretaker capacity until a new administration was formed.

Mr. Vranitzky, whose Social Democrats emerged as the biggest winner in the balloting Sunday with a 3.4 percentage point rise in their vote,

to 38.3 percent, appeared more conciliatory after talks with his party managers.

But he also made it clear that he wanted Andreas Strasser, a Social Democrat to remain as finance minister if he formed a new coalition with the People's Party, or OVP, as it is known. The conservatives want to take over the finance portfolio.

"I expect there to be a deal with the OVP, and since Schüssel is the leader of the OVP, I guess we will have to deal with Schüssel," Mr. Vranitzky said.

The two parties together regained the two-thirds parliamentary majority that they lost in October 1994, in the last general election.

The left accused Mr. Schüssel of

bringing down the government on Oct. 12 in a last for power.

Mr. Schüssel again refused to comment Monday on whether he was considering the formation of an alliance with Jörg Haider's nationalist Freedom Party.

"Voters' fears about their pensions, maternity pay and unemployment benefits were far greater than worries about whether the state could afford it," the daily *Der Standard* said.

Voters apparently heeded the Social Democrats' warnings that if Mr. Haider and the conservatives teamed up in government, there would be social unrest at home and isolation abroad.

Political analysts said the result was a minor setback for Mr. Haider, who still leads the strongest far-right parliamentary bloc in Western Europe.

Austrian newspapers reported that voters feared the prospect of Mr.

A Union Warning on Eve of French Talks

By Barry James

International Herald Tribune

PARIS — Amid government hopes that a "social summit" later this week will heal the divisions caused by more than three weeks of strikes by public workers, people began leaving their walking shoes and cycles at home Monday and flocked onto trains, subways and buses that were lurching sporadically back into service.

The leader of the General Labor Confederation, Louis Vianet, warned, however, that the crisis would erupt again if the planned meeting between the government and the unions did not succeed.

"Things could go back up in flames," said Mr. Vianet. The Communist-led CGT has called another day of protest for Tuesday, the third in a week, hoping to bring thousands of workers onto the streets to protest the government's proposed social-welfare changes.

With the strike persisting in pockets, particularly in the south of the country, and its rolling stock scattered, the state railroad company, SNCF, offered spotty and partial service over most of its suburban and long-distance routes. There was at least some service on most of the 13 lines of the Paris Métro, but only about one in five of the city's buses were running.

Prime Minister Alain Juppé said he would offer proposals at the meeting with the unions on Thursday to re-start an econ-

omy worn down by recession and battered by the strikes, which the state statistics office said Monday will probably cost the country from 5.8 billion francs (\$1.16 billion) to 7.8 billion francs.

Mr. Juppé also plans to discuss the problem of high unemployment among young people and the reduction of working hours from 39 to 35 by the year 2000.

The federation representing employers originally said it wanted nothing to do with the meeting on the grounds that no workers from the private sector had joined the strike.

But despite the continuing reservations of many of its members, it agreed on Monday to participate provided the

question of wages was not discussed.

The strike resulted in a stand-off, with the rail and other public service unions keeping the privileges they have acquired over decades, including early retirement and a 37.5-year contribution period for pensions compared with 40 years for the general population.

But so far, Mr. Juppé has defended the main plank of his deficit-cutting program — a plan to control spending on the national health service and pay off the deficit with a special 0.4 percent tax.

Mr. Vianet called for a big turnout at the demonstration on Tuesday, saying it was "essential to maintain pressure at a very high level."

Rail Lines Sabotaged in Germany

Reuters

ERLENSEE, Germany — Suspected anti-nuclear demonstrators sabotaged rail lines in Germany on Monday, snarling traffic and hindering the deployment of U.S. military equipment to Bosnia.

They brought down overhead power lines at four places in the central state of Hessen, cutting rail service in some areas and causing extensive delays in others, a spokesman for German railroads said in Frankfurt.

Similar attacks have been

staged in the past to hinder rail transport of spent nuclear fuel, but the most recent ones took place near several U.S. military bases.

It was the latest setback for the U.S. Army, whose attack and transport helicopters based in Erlensee, near Hanau, remained grounded by bad weather that prevented them from flying to a staging area in southern Hungary on their way to Bosnia.

"We will get it done, we just will not get it done as quickly as you would like," Colonel Webb said.

Italian Leader Drops Confidence Motion

Reuters

ROME — Prime Minister Lamberto Dini gave up his attempt Monday to ram Italy's 1996 budget through Parliament, leaving the deeply divided legislature to try to agree on a deal to approve it by Dec. 31.

Mr. Dini told the lower Chamber of Deputies that he was withdrawing a confidence motion submitted to sweep aside a welter of amendments that have slowed passage of the bill, designed to cut the 1996 deficit by \$2.5 trillion lire (\$20.3 billion).

He said there were too many risks that he might lose the vote, an outcome that would bring down his government.

Angry that the budget had been dragged into a political war between center-right and center-left over the future of his government and a general election date, he told the chamber: "A government which has the country's interests at heart has a precise duty to avoid such risks."

Asked whether he might change his

mind and resubmit the confidence motion, Mr. Dini later said: "They'd have to go down on their knees and beg."

By law, both houses of Parliament must approve the budget by the end of the year to avoid costly provisional spending measures. The bill still has to return to the upper Senate for a final reading once the lower house has gone through it.

Mr. Dini won two similar confidence votes on the budget on Friday, when the center-right Freedom Alliance of the former prime minister, Silvio Berlusconi, tried to oust him and precipitate a quick general election.

Mr. Dini owed his survival then to tactical absences by enough deputies from the Berlusconi bloc to assure him a majority.

The cabinet had brought the third and final confidence motion on an "umbrella amendment" on tax measures it submitted to override hundreds of proposed changes to the budget.

Its withdrawal hit the Italian lira, shares

and bonds and left deputies racing to find a compromise to approve the budget before the Christmas holiday.

Debate in the full chamber was sus-

ended while party leaders met to review the options. One possibility is for the deputies to present the government's umbrella amendment without a confidence vote.

Mr. Dini confirmed in his speech that he would offer his resignation by Dec. 31, opening the way to a showdown in Parliament over his and Italy's political future.

Mr. Berlusconi has pressed for an early general election since he was forced to resign a year ago and wants an election in late February, three years ahead of schedule.

The center-left, which backs the government in Parliament, says an election would be damaging during Italy's six-month European Union presidency.

Mr. Berlusconi, meanwhile, was quoted

Monday as saying he would quit politics if he lost the next general election.

الجامعة

INTERNATIONAL

U.S. Troops Arrive in Bosnia

Fog Lifts, Allowing Mission to Begin

By Christine Spolar
Washington Post Service

TUZLA, Bosnia-Herzegovina — American military transport planes, stymied by four days of low-lying fog, finally soared down from overcast skies Monday to begin a steady delivery of troops and supplies to this northern Bosnian town that will be U.S. headquarters for a year-long NATO peace mission.

The peaceful storm of roaring American C-130s came to this war-torn country two days before an official transfer of authority — from United Nations peacekeepers to NATO peace enforcers — that will mark the largest deployment of NATO troops in history.

About 1,000 Americans, including 800 combat troops from the Italy-based 3d Battalion, 325th Infantry Airborne Combat Team, will take over security from Swedish UN soldiers now based here. Americans will make up about one-third of the 60,000 troops enforcing a peace accord brokered among Serbs, Croats and Muslims in the former Yugoslavia.

By noon Monday, a handful of those soldiers had trudged off transport planes and onto

cold, wet tarmac about 15 kilometers (10 miles) outside Tuzla to say they were more than ready for the mission to begin. Six hours later, dozens of paratroopers landed to get their first glimpse of the Tuzla air base at night.

"Every day we were flying right over the airport," said Major Bob Williams, who had been making daily five-hour round-trips from Ramstein, Germany, to Tuzla, the week and never reaching his destination. "It got so I could tell fairly easily just by looking out the window if we had a chance to land."

Air force personnel at the base said that as many as 27 flights were scheduled Monday and that night flights were planned. As many as 60 flights have been canceled due to the bad weather, which crippled attempts to calibrate radar equipment at the runway.

By late Monday afternoon, the airport radar had been certified and U.S. Army spokesman said that the operation at the air base would be intensified as flights from Ancona, Italy, and Ramstein, Germany, continued.

Planes roared in and out of the air base as ground crews

quickly unloaded green-painted Humvees with 50-caliber machine guns, trucks and wooden crates of equipment, including heaters and office equipment.

"It's a little behind," Brigadier General Stanley F. Cherrie, assistant deputy commander for maneuvers for the 1st Armored Division, said about the air traffic at the base. "No problem. We have days like this."

General Cherrie, whose own flight into Tuzla was delayed by the fog, bested the weather by trying a land-and-air approach the previous night.

He flew to Sarajevo, drove to nearby Kiseljak, where American special forces are preparing a rear guard for the headquarters, and then boarded a Norwegian helicopter to touch down in Tuzla. He arrived with four staff members who make up the U.S. Task Force Eagle command post operations cell.

General Cherrie, tactical commander of U.S. troops in the field, said at a news conference late Monday that he had met with leaders of the warring factions and they were "more than agreeable to what we wanted to do."

He said he received assurances of reconnaissance rights from Bosnian Muslim, Croatian and Serbian military representatives in a meeting with UN military officials. He said reconnaissance teams would be making their final checks on routes for troops entering the country by land beginning Wednesday.

General Cherrie also said that other troops had been moved toward the Sava River to safeguard a region where pontoon bridges would be built to enable forces to move overland from Hungary. He said the company had armed itself with six 105 mm howitzers, 10 grenade launchers, 10 60-caliber machine guns and 20 antitank missiles.

U.S. combat troops readied for the Sava River mission by traveling by train to the town of Vrpolje in northeastern Croatia, unloading tanks and armored cars and then heading toward the town of Zupanja, near the river.



Panel Kopyashev/Retna

A boy in a traffic jam Monday selling a Moscow newspaper with a headline that read 'We Made Our Choice.'

BALKANS: Justice and Peace

Continued from Page 1

that Serbian leaders had deployed 1,775 well-armed men in 13 police stations in preparation for their assault on unarmed civilians.

Within a year, of the 49,400 Muslims who had lived in the area, 6,100 were left. Today, fewer than 900 remain.

While the women were taken to Tropolje, the men were packed off to hastily opened concentration camps in a ceramic tile factory, Keratervi, next to Prijedor, and at the iron mine in Omarska, down the road.

"Massacres, torture and appalling living conditions quickly depleted the number of detainees," said a United Nations report on the two camps. Thousands of other Muslims and Croats were shuffled to similar centers in Brcko, Vlasenica and around Visegrad.

By early 1993, Croats in Bosnia were following the same policy. They began rounding up Muslims in Croatian-held territory and subjecting them to similar treatment, cramming tens of thousands of military-age men into makeshift camps, some of them underground, in southeastern Bosnia. Whole village populations were massacred.

On April 16, 1993, hundreds of Muslim civilians were killed when Bosnian Croats destroyed the central Bosnian village of Ahmici, in what UN human rights investigators said was a clear attempt to terrify thousands more Muslims from their homes.

Muslim fighters from the Bosnian Army responded on occasion by killing Croatian and Serbian civilians, although in much smaller numbers.

In the most comprehensive documentation of war crimes, in 1994, the UN Commission of Experts counted 187 mass graves, containing from 3 to 5,000 bodies each; 962 prison camps in which more than 500,000 people were held and where rapes and mass executions occurred; 50,000 documented cases of torture; 3,000 documented cases of rape and 83 identified paramilitary groups, which are responsible for the bulk of the bloodshed.

M. Cherif Bassiouni, a law professor at DePaul University who helped amass the list, now estimates that up to three million people have been driven from their homes.

On Feb. 22, 1993, the UN Security Council voted unanimously to establish an international tribunal to prosecute war crimes perpetrated in the former Yugoslavia. A prominent South African judge, Richard Goldstone, was named chief prosecutor.

But the crimes committed in the lands of the region perplexed Western diplomats. Clearly, the slaughter unleashed against civilians constituted the most serious war crimes in Europe since German troops ravaged the continent in World War II.

But would the prosecution of the crimes get in the way of a peaceful solution?

Even the United States, which led the campaign for a war crimes tribunal, has not cooperated completely with it. In November, Judge Goldstone wrote to the U.S. government, complaining that information collected by American officials had not been turned over to his investigators.

The main issue here is a worry on the part of some diplomats that if President Slobodan Milosevic of Serbia and President Franjo Tuđman of Croatia are indicted, the crucial cooperation they have promised in implementing the peace accords will evaporate.

And then, these diplomats worry, the region will be on course for more war.

In an interview, Judge Goldstone said his work did not clash with the interests of peace and in fact enhanced them.

"It is only the way to break a cycle in these regions where there has been a history of massive human rights abuses and atrocities," he said. "The only way to stop the spiral of violence is to have a reckoning."

As Judge Goldstone pointed out, a tool used by Serbian and Croatian leaders to spur their followers to commit atrocities was the belief that crimes perpetrated in World War II and before had gone unavenged.

Continued from Page 1

Several experts made rough calculations of what the new Parliament will look like when it convenes next month. Michael McFaul of Stanford University and the Carnegie Moscow Center estimated that anti-reform forces — the Communist Party and Mr. Zhirinovsky's party — may control together about 180 to 190 seats in the 450-seat chamber. Centrists and reformers may claim another 105 to 130, and the rest may be scattered among them, he said.

The Communists have gained seats while Mr. Zhirinovsky has lost some. Mr. Zhirinovsky's party, the surprise winner in 1993, was widely predicted to be headed for oblivion this time, but did far better than expected, receiving 11 percent of the vote.

The Communists will almost certainly be less cooperative with Mr. Yeltsin than Mr. Zhirinovsky was. Despite his flamboyant behavior, Mr. Zhirinovsky voted to support Mr. Yeltsin in the war in Chechnya and in favor of the strict budgets demanded by the International Monetary Fund.

Continued from Page 1

"It is possible to make deals with Zhirinovsky, but it is impossible to make deals with Zyuganov," said Vyacheslav Nikonov, a member of the old Parliament, referring to Gennadi Zyuganov, the Communist Party leader.

Mr. Zyuganov was quick to go on the attack, noting that Mr. Chomichyndin's party had received 10 percent of the popular vote.

"Look how many people have confidence in the government," he said. "One out of 10. What kind of government can continue working in such conditions?"

The Communists have gained seats while Mr. Zhirinovsky has lost some. Mr. Zhirinovsky's party, the surprise winner in 1993, was widely predicted to be headed for oblivion this time, but did far better than expected, receiving 11 percent of the vote.

The Communists will almost certainly be less cooperative with Mr. Yeltsin than Mr. Zhirinovsky was. Despite his flamboyant behavior, Mr. Zhirinovsky voted to support Mr. Yeltsin in the war in Chechnya and in favor of the strict budgets demanded by the International Monetary Fund.

He called for a major shift in government policy to help people "feel the results of economic stabilization directly."

Mr. Yeltsin, however, is not required to change his government to account for the election outcome. Under the Russian Constitution, the president has a strong hand and can rule in many areas by decree, while

the Duma is weak and its functions limited. Still, many analysts said they thought the most probable result would be a standoff between the president and a hostile Parliament for six months as the presidential campaign unfolds. The new Parliament was elected to four-year terms.

The White House and Monday the balance of political power in Russia remained roughly the same, Reuters reported.

"Based on the results that we have available to us at this point, it appears that the new Duma will not be significantly different from the old Duma," said the White House press secretary, Michael McCurry.

"There will be new faces but the balance of power between a variety of parties that contested the election will remain roughly as it's been."

Germany, an enthusiastic supporter of President Yeltsin, searched for a silver lining in the results, according to Reuters.

Foreign Minister Klaus Kinkel praised the high turnout and orderly voting as an important sign for the building up and consolidation of democracy in Russia.

YELTSIN: Russian Election Results Show Democrats Must Unite for Presidential Poll

Continued from Page 1

matters more than real political calculations."

"The situation as I regard it is very, very bad," he said. "I'm sure the democrats will not come up with a united candidate" in presidential elections.

That worst-case scenario has loomed for some time but now looks more realistic than ever. It would be a disaster for reform, democracy and Russia's place in the world.

The question is whether Russia's reformers will now be forced to rally behind one candidate to defeat an anti-

democratic comeback. But it is a dubious proposition given the towering political egos in Russia's progressive camp: Mr. Yeltsin, first and foremost the pro-reform economist Grigori Yavlinsky; former Prime Minister Yegor Gaidar, and former Finance Minister Boris Yeltsin.

If the reformers do not unite, they could wind up again splitting the democratic vote in Round One of presidential elections.

If the reformers do not unite, they could wind up again splitting the democratic vote in Round One of presidential elections.

"They're playing with fire, I think," said Michael McFaul of Stanford Uni-

versity, an expert on Russian politics.

A Western diplomat said, "There's a danger the democrats could become complacent" that they could "realize too late that they really need to pool their resources behind one candidate."

Mr. McFaul said Mr. Yeltsin was more likely than ever to run for reelection in June. The president is likely to paint himself as a bulwark for reform against extremists.

With him at the head of a "large coalition of united large democratic parties, he'll do well," said Mr. McFaul. "He'll get the second ballot and run off against a nationalist or Communist party."

and I think he can beat either of them.

The scary thing is if there are 15 candidates in the first round again. In a race like that, the Communists will get the same percentage as yesterday, which gets them on the second ballot. And it's a real Russian roulette kind of thing as to who's Number Two."

So far, there is little indication that a coalition is in the works. Mr. Yavlinsky has refused to join forces with Mr. Gaidar, who broke with Mr. Yeltsin over the war in Chechnya. Mr. Yeltsin, however, is not required to change his government to account for the election outcome. Under the Russian Constitution, the president has a strong hand and can rule in many areas by decree, while

the Duma is weak and its functions limited. Still, many analysts said they thought the most probable result would be a standoff between the president and a hostile Parliament for six months as the presidential campaign unfolds.

STRIKE: French Economy Could Lose 0.3 to 0.4 Percent of Growth in Fourth Quarter

Continued from Page 1

study shows that department stores in Paris registered a loss in sales of 480 million francs during the strike, which came during the critical weeks of shopping preceding the Christmas holidays.

In addition, clothing and toy sales are down 30 to 40 percent while travel agencies say they registered a loss in business of 2 billion francs.

Mail-order sales of foie gras, a staple of the French holiday

meals, dropped by 70 percent because of the postal strike. The national railroad, meanwhile, said it had lost 2 billion francs during the strike and the Paris rapid transit system said it had lost 500 million francs in the same period.

These figures come on top of an earlier report by the small- and medium-sized business union predicting that 5,000 small businesses in the Paris region will have to declare bankruptcy as a direct consequence of the strike.

"There's a good chance the Gross Domestic Product will be negative in the fourth quarter, and that will add to the general gloom and doom," said Julian Jessop, an economist at HSBC Markets in London.

In an interview on French television Sunday, Prime Minister Alain Juppé admitted giving the money in 1997 in order to qualify for the single European currency would be an uphill battle.

Now, with the added factor of the strike, economists such as Mr. Jessop are not ruling out a devaluation of the franc by the summer of 1996, despite the current strength of the franc in currency markets.

"We see a series of speculative attacks on the franc leading to a breaking point in the summer of next year," Mr. Jessop said.

BOOKS

THE LETTERS OF FRIDA KAHLO: Cartas Apasionadas

Compiled by Martha Zamora. 160 pages. \$17.95. Chronicle.

THE DIARY OF FRIDA KAHLO: An Intimate Self-Portrait

295 pages. \$39.95. Abrams Inc.

Reviewed by Ana Castillo

FRIDA-MANIACS and the plain fans of Frida Kahlo, the anguished and gifted Mexican artist whose paintings and dramatic life as the wife of Diego Rivera have won her posthumous worldwide acclaim, should be pleased by these books.

While both are exquisite — intended as eye-catchers on any coffee table — their claim to distinction is that they offer the perspective of the artist herself. Nevertheless, neither book reveals any more than we have already been given by her biographers, curators and critics.

"The Letters of Frida Kahlo: Cartas Apasionadas" is a small volume containing more than 80 of the artist's letters to

friends, family, doctors and lovers, along with a scant selection of other writings, such as a portrait-in-words of Diego Rivera that was included in a catalogue accompanying an exhibition of his work.

A short chronology and a mercifully brief preface by Martha Zamora, who compiled the letters, help place them in the context of Kahlo's life.

A number of the letters are directed to her first sweetheart, Alejandro Gomez Arias, others to Ella Wolfe, wife of Diego Rivera's biographer, Bertram Wolfe, both of whom were lifelong friends of the Riveras.

Kahlo chose to express herself mainly in the plastic arts and wrote letters not for the love of writing but always for a specific reason; to the Wolfs, whom she wanted to contact doctors for her in New York; a plea on behalf of her husband to the president of Mexico; an old school chum, when Catholic youths attacked Rivera for his statement that "God does not exist."

To be sure, Kahlo's language and remarks are as flamboyant and embellished with Mexicanism as her art, and her letters are bound to charm the reader

WHAT THEY'RE READING

• Raphael Baron, director of Polyglot International, a San Francisco-based translating company, is reading "Russia 2010" by Daniel Yergin.

• A group of American companies wanting to invest in Russia concluded that Russia will be pulled back together under a very strong central government with its own very distinctive version of capitalism.

(Erik Ipsen, IHT)

insists again and again that Kahlo should be seen as a world-class artist of the 20th century, an argument that readers of this diary, I would think, are already sold on.

Kahlo had very little use for such lofty claims for herself or her art. Invited to exhibit her work in Paris by the self-proclaimed pope of Surrealism, André Breton, she was congratulated by such artists of her time as Picasso, Duchamp, Miró and Kandinsky — all of whom she refers to as big (expletives). And nowhere in her journal or letters does she discuss the purchase of one of her paintings by the Louvre. Above

INTERNATIONAL

Talking Peace in Eye of the Storm

For Christopher, Israel-Syria Deal Is Top Priority

By Thomas W. Lippman
Washington Post Service

AQABA, Jordan — On a weekend of momentous developments in Russia, Bosnia and Haiti, Secretary of State Warren M. Christopher traveled to a tranquil, beachfront retreat on the Red Sea here to talk about peace in the Middle East.

On Saturday, he held a meeting with King Hussein and then headed for the West Bank Palestinian backwater of Jericho to confer with Yasser Arafat, chairman of the Palestine Liberation Organization.

It might have seemed incongruous for him to spend his working day so far from the action, but aides said the itinerary reflected his priorities.

Mr. Christopher is determined to do whatever he can to bring Israel and Syria to peace in the next few months and envisions a regional peace agreement as a potential crowning achievement of his tenure.

He said so in an airborne meeting as he left Washington, senior aides said. Discussing his next commitments — a trip to South America, a struggle with Congress over the State Department budget, implementation of

the Bosnia peace pact — he reminded his staff, "Remember, the Middle East is my No. 1 priority."

At age 70 and almost certainly in his last year as secretary of state whether or not President Bill Clinton is re-elected, Mr. Christopher has committed himself to a punishing schedule of travel and negotiations in pursuit of his goal, beginning with a return trip to Syria and Israel in mid-January.

Mr. Christopher believes that peace in the Middle East is a major U.S. security interest,

aides said, and also that the quest for it plays to his strengths as a conciliator and negotiator.

One reason Syria and Israel may be moving toward peace at last is their fear that a future secretary of state might not give them the same attention that Mr. Christopher does, U.S. officials say. Mr. Christopher has to balance their desire for his attention with the need not to appear available on demand, they said. When in doubt, he is inclined to put the Middle East negotiations first.

This dedication appears to be a major reason for his credibility with Israelis and Arabs alike.

"We know how committed the secretary is to the cause of a comprehensive peace in this region," King Hussein said.

Prime Minister Shimon Peres of Israel said: "I would like to thank the secretary of state for his untiring efforts to reopen the negotiations between Syria and ourselves."

And a columnist for the Israeli newspaper *Ma'ariv* wrote: "More than anybody else, Secretary Christopher epitomizes the change in the atmosphere" in the search for peace between Israel and Syria. "His Israeli interlocutors say that the ordinarily lethargic Mr. Christopher was so excited that he started supplementing his words with hand gestures."

"Lethargic" is an odd adjective to apply to Mr. Christopher. "Imperturbable," perhaps, and "poker-faced," but he has plenty of energy and will need it as he attempts to close the books on a conflict that has lasted nearly 50 years.

Price of \$390,000 Reported for Video Of Rabin Slaying

The Associated Press
JERUSALEM — An amateur video showing the assassination of Yitzhak Rabin has been sold to Israel's Channel Two television and the *Yedioth Ahronot* daily for \$390,000, Israeli radio said.

Ori Chelouche, Channel Two's deputy general manager, confirmed the sale but would not say how much was paid for the tape, which shows Yigal Amir shooting Mr. Rabin at point-blank range.

The eight-minute tape was to be broadcast Tuesday evening, Mr. Chelouche told The Associated Press. He said that the foreign rights would be sold to the highest bidder, and that news organizations could submit their bids until Monday evening.

9 Die as Eritrea and Yemen Battle Over Red Sea Island

Agence France-Presse

SAN'A, Yemen — Eritrean forces captured a disputed Red Sea island from Yemen on Monday despite the announcement of a cease-fire aimed at ending a three-day battle in which at least nine soldiers have died.

Yemen said it had launched a counterattack to retake the island of Hanish al Kabir, which it said was invaded Friday by Eritrean forces.

A source said earlier that a cease-fire had taken effect at midnight and that it was being respected. Radio Asmara said President Ali Abdullah Salih of Yemen and President Isaias Aferworki of Eritrea had agreed to form a four-member committee to oversee the cease-fire.

It said the committee would include a Yemeni, an Eritrean and two U.S. military attachés. The U.S. Embassy in San'a said it could not confirm that Americans were taking part.

A small number of civilians working on a tourist resort were on the island, as well as 500 Yemeni troops.

Referendum On 'Euro' Hinted Anew by Major

Reuters

LONDON — Prime Minister John Major gave his clearest indication yet on Monday that there could be a referendum before he committed Britain to a single European currency.

"For a decision of such magnitude we shall certainly keep in mind the possibility of a referendum if the cabinet were to recommend British entry," he told Parliament.

Mr. Major, whose Conservative Party is badly divided over Britain's ties with the European Union, also ruled out any British entry into an old-style exchange rate mechanism linking currencies.

"This is a course which has already been tried, and which failed," he said as he reported on last weekend's European Union summit meeting in Madrid.

European leaders say an exchange rate mechanism may be necessary for countries outside a future single European currency to prevent competitive devaluations that could plunge the bloc into crisis.

"I have made clear to our partners that I would not recommend that sterling should return to such a system," the prime minister said.

But, already braced for a revolt by anti-European Conservatives in parliament in a vote Tuesday over fisheries policy, Mr. Major came under fire from the opposition Labor party for his stance in Madrid.

"Government policy has proceeded on the fantasy that the rest of Europe was not going

for all the excitement generated by Saturday's announcement that Israel and Syria soon embark on intensive negotiations in quest of the settlement that both sides say they want, it remains true, as the chief Israeli negotiator Uri Savir said Sunday, that the "psychological breakthrough" needed to overcome "taboos" on both sides has not yet occurred. But Mr. Christopher is optimistic that Israel and Syria can quickly reach at least a "declaration of principles" if not a formal treaty, once serious negotiations begin.

Mr. Christopher absorbed much of the criticism for the Clinton administration's early difficulties in foreign policy, especially over Bosnia and China. But now "he's on a roll," as a senior aide said. Officials who work closely with him say he would like nothing better than to close out his career with a Middle East peace deal that would be his monument.

"It means a lot to him," one said. Mr. Christopher let his feelings show in a conversation with reporters aboard his plane on his 15th trip to the Middle East as secretary of state — by far his most any region.

"We certainly have seen a transformation of the landscape here as I think back to three years ago at this time, when we were in Little Rock preparing to take over and the whole peace process was stalemated," he said. "We have come a substantial distance since then," he said, and this "is gratifying in many ways. And I'm also struck by the fact that there's simply no going back."

He checked off the landmarks: peace between Israel and Jordan; accommodation between Israel and the PLO, and Israel's increasing acceptance throughout the Arab world. But at the same time, he said, "we have to recognize that peace will never be complete until it is comprehensive, and that means there is still much work to be done on the Syrian and Lebanese tracks."



Khaled Michael, left, head of the Hamas political bureau, greeting Selim Zaamoun of the Palestinian National Council in Cairo on Monday as reconciliation talks begin for the first time since the PLO made peace with Israel in 1993.

THE SINGLE CURRENCY: WE MADE UP OUR MIND LONG AGO...

MADRID, DECEMBER 15, 1995 : THE SINGLE CURRENCY FINDS A NAME.

JANUARY 1, 1999 : THE EURO SPREADS ITS WINGS.

WE AT MATIF MADE OUR DECISION IN 1990, WHEN WE LAUNCHED THE LONG-TERM ECU FUTURES CONTRACT. SINCE THEN, OUR COMMITMENT TO THE CONSTRUCTION OF EUROPE HAS NEVER WEAKENED. TODAY, THANKS TO THE DYNAMIC SUPPORT OF MARKET MAKERS WHO ENSURE AN ON-GOING QUOTATION, ECU 300 MILLION ARE ALREADY EXCHANGED DAILY ON THE MARKET WHICH IS A FORERUNNER OF THE SINGLE EUROPEAN FINANCIAL MARKET.

LIST OF MARKET MAKERS : BANQUE INDOSUEZ, Philippe Huyghes des Ecages, Tel. : (33 1) 53 76 58 17 ; BANQUE INTERNATIONALE DE PLACEMENT, Thiébaut de Buyer, Tel. : (33 1) 42 93 13 00 ; BNP FINANCE, Michel Touillon, Tel. : (33 1) 40 14 84 51 ; CAISSE DES DÉPÔTS ET CONSIGNATIONS, Sophie Samain, Tel. : (33 1) 40 49 52 40 ; CPRI (Compagnie Parisienne de Réservoirs), Marc Bourre, Tel. : (33 1) 40 20 22 10 ; CREDIT COMMERCIAL DE FRANCE, Laurent Esposito, Tel. : (33 1) 40 70 73 55 ; CREDIT LYONNAIS (Crédit Lyonnais Rouse France SNC), Philippe Petit, Tel. : (33 1) 49 24 71 67 ; LOUIS DREYFUS FINANCE (Banque) SA, Pierre Pappalardo, Tel. : (33 1) 40 66 17 30 ; SOCIÉTÉ GÉNÉRALE, Jean-Philippe Louis, Tel. : (33 1) 42 13 68 42 ; UBS FRANCE SA, Pierre Barnaud, Tel. : (33 1) 42 66 24 37 ; UNION EUROPÉENNE DE CIC (Sécurité Futures), Arnaud Fillion, Tel. : (33 1) 42 66 70 21.

FOR FURTHER INFORMATION, PLEASE CONTACT MATIF SA AT (33 1) 40 28 81 81

MATIF

MAKE THE MOST OF YOUR FUTURE

الآن

INTERNATIONAL Herald Tribune
BUSINESS / FINANCE

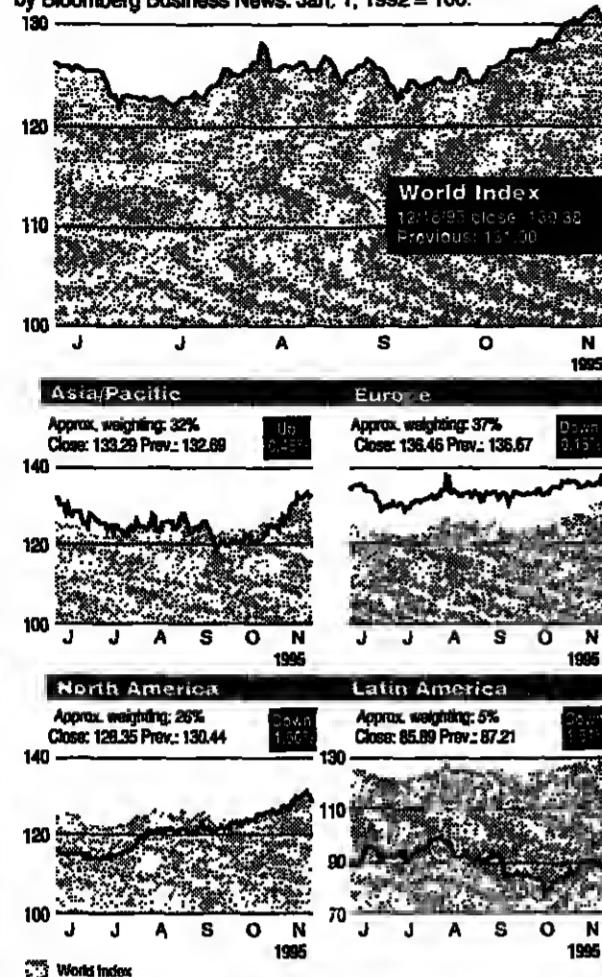
TUESDAY, DECEMBER 19, 1995

PAGE 11



THE TRIB INDEX: 130.38

International Herald Tribune World Stock Index ©, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Amsterdam, Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Italy, Japan, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and Venezuela. For Tokyo, New York and London, the index is composed of the top 20 issues in terms of market capitalization, otherwise the top 10 stocks are tracked.

Industrial Sectors							
	Mon. close	Prev. close	% change	Mon. close	Prev. close		
Energy	133.03	134.32	-0.98	Capital Goods	131.19	131.72	-0.40
Automobiles	124.83	124.53	+0.08	Raw Materials	140.14	141.31	-0.83
Finance	128.25	126.10	+0.12	Consumer Goods	137.02	137.90	-0.64
for services	118.75	120.10	-1.12	Miscellaneous	130.84	132.72	-1.00

For more information about the index, a booklet is available free of charge, by writing to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

© International Herald Tribune

Thinking Ahead / Commentary

Inequality, or Just a Competitive Edge?

By Reginald Dale
International Herald Tribune

WASHINGTON — A new catchword, "inequality," is fast moving to the center of American political debate. The idea is that the party that devises a policy to tackle the growing income gap between rich and poor Americans will triumph in next year's elections and beyond.

Unfortunately, the debate is riddled with errors and omissions, as often happens when politicians use economics for electoral purposes.

Although it sounds Scrooge-like to say so, the fact is that the inequality of U.S. incomes is in many ways a good thing. The flexibility (inequality) of American wages is one of the factors behind the rebirth of U.S. competitiveness and low unemployment — just as the rigidity (greater equality) of European incomes is one of the reasons Europe is so much less competitive and its unemployment so high.

It is putting the cart before the horse to ask, as so many do, why stronger U.S. competitiveness has not led to greater equality of incomes. Nor does it make sense to expect the wide range of jobs in today's competitive service-based economy to deliver the same degree of equality as the standardized manufacturing jobs of the more sheltered postwar golden age.

In any case, if there is a political problem, it is not inequality per se. It is that average lower and middle wages have either declined or not risen very much over the last 20 years. The less well-paid

would not be any better off — although some might be less envious — if the top levels were brought down.

Nevertheless, advocates of greater equality tend to talk as if "closing the income gap" were self-evidently desirable.

Americans who complain that U.S. incomes are more unequal than those in Europe are often unaware that Europeans are seeking to move in the U.S. direction.

able — on the fallacious assumption that when the rich pull more of the blanket over themselves, the poor have less. In fact, though, the poor are not poor because the rich are rich.

It is of course theoretically possible that inequality could be reduced by a massive redistribution of wealth through the tax system. But that is most unlikely in today's United States.

The current budget debate is over whether to cut taxes — not whether to raise them. Plans for a flat tax would actually increase inequality, and rather than transfer more money to the lower-paid, the argument is over how much to tighten up so as to balance the budget.

The great American inequality debate is

also curiously insulated from the outside world — even though intensified competition in the global economy is widely blamed, along with technological innovation, for the growing U.S. wage gap.

Americans who complain that U.S. incomes are more unequal than those in Europe are often unaware that Europeans are seeking to move in the U.S. direction so as to introduce new flexibility and mobility into their labor forces and restore the incentive to work.

While Americans complain about the social tensions caused by inequality, Europeans are more concerned by the "social fracture" created by high unemployment.

Many Americans were upset by a recent survey by the Organization for Economic Cooperation and Development, which concluded that U.S. incomes were the most unequal of all the industrial countries, with people who just made the top 10 percent earning 5.9 times more than those who just fell into the bottom 10 percent.

Few, however, cared much about a World Bank report showing that skilled workers in the industrial countries, including of course the United States, now earn on average 60 times as much as the world's poorest group, the farmers of sub-Saharan Africa.

Global competition is no bad thing for Americans, even if it holds wages down. It improves American living standards by providing inexpensive, improved goods, and it increases prosperity in the rest of the world. That in the long run is to America's and everyone else's advantage.

CURRENCY & INTEREST RATES

Cross Rates						Dec. 18						
\$	£	DM	FF	Yen	CHF	Dollar	D-Mark	Swiss	Sterling	French	Yen	ECU
Amsterdam	1.607	2.07	1.799	0.293	1.000*	5.407	1.379	1.980*	1.17	1.314*	121.625	94.1122
Brussels	2.055	2.62	2.055	0.323	1.000*	5.807	1.805	2.055*	1.32	1.445*	125.000	94.1122
Paris	1.603	2.07	1.799	0.293	1.000*	5.407	1.379	1.980*	1.17	1.314*	121.625	94.1122
London (G)	1.211	2.207	1.793	0.4553	1.000*	5.261	1.363	1.980*	1.17	1.314*	121.625	94.1122
Madrid	1.227	2.188	1.793	0.4553	1.000*	5.244	1.344	1.980*	1.17	1.314*	121.625	94.1122
Milan	1.5915	2.025	1.793	0.4553	1.000*	5.209	1.303	1.980*	1.17	1.314*	121.625	94.1122
New York (D)	1.00	1.40	1.00	1.00	1.000*	1.00	1.00	1.000*	1.00	1.00	1.00	1.00
Tokyo	0.95	1.25	1.00	1.00	1.000*	1.00	1.00	1.000*	1.00	1.00	1.00	1.00
Tokyo	101.35	154.71	78.8	20.0	0.65	63.2	1.458	19.88	7.12	1.254	121.625	94.1122
Toronto	1.277	2.111	1.851	0.375	0.859*	1.000*	1.323*	1.12*	1.12	1.12	1.12	1.12
Zurich	1.153	1.772	1.851	0.323	0.729*	1.000*	1.254	1.000*	1.000*	1.000*	1.000*	1.000*
1 ECU	1.00	1.00	1.00	1.00	1.000*	1.000*	1.000*	1.000*	1.000*	1.000*	1.000*	1.000*
1 SDR	1.00	1.00	1.00	1.00	1.000*	1.000*	1.000*	1.000*	1.000*	1.000*	1.000*	1.000*
Changes in Amsterdam, London, Milan, Paris, New York and Zurich. Details in other centers. Terms and conditions: 1/2 p.m. London time. To buy one pound: £1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF 1.00. To buy one franc: FF 100. To buy one dollar: \$1.00. To buy one yen: 100. To buy one Swiss franc: CHF 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one D-Mark: DM 1.00. To buy one DM: 1.00. To buy one ECU: 1.00. To buy one SDR: 1.00. To buy one Swiss franc: CHF												

EUROPE

Big U.S. Contract Fails to Reverse Nokia Stock Slide

Compiled by Our Staff From Dispatches

HELSINKI — Nokia Telecommunications Oy, the Finnish telecommunications company, said Monday that it won's contract to supply mobile phone equipment worth as much as \$100 million to Western Wireless Corp. of the United States.

Yet the stock price of Nokia's parent fell for the third consecutive day on Monday following a profit warning last week for its consumer electronics sector.

Nokia's class A shares,

which closed 20 percent down at 160 markkaa (\$36.89) on Friday, fell gradually through the Monday trading session to close at 148 markkaa.

The fall came after Nokia Corp. best known for its mobile phones and telecommunications, on Thursday announced expected losses in its electronics sector for 1995.

The newly announced contract, to deliver a cellular phone network system for personal communications, is initially worth \$50 million. But it includes an option that would raise the price tag to \$100 million over the next four years.

Western Wireless holds six licenses to run network services in the United States.

Nokia, the world's second-largest mobile phone maker, will open a factory and research center in the U.S. next year.

The Helsinki Stock Exchange said Monday that Nokia was responsible for a technical outage that led to a halt in trading and forced the exchange to close early on Friday.

"Over 1,000 deals were booked in Nokia's A share on Friday," the exchange said. "The total amount of deals in all shares is normally slightly over 1,000. The problem was that workstation software was not prepared for over 1,000 deals in one issue."

(Bloomberg, AP) ■

A Weak Pechiney Debuts

Pechiney SA shares, trading for the first time on Monday, fell 6 percent below the price at which the French government sold its controlling stake in the company, Bloomberg Business News reported from Paris.

Shares in Europe's biggest aluminum producer, sold by the government for 187 billion francs each, ended trading in Paris 6.4 percent lower, at 175.10 francs.

France completed the sale of most of its 56 percent stake in Pechiney last week. The transaction, the third asset sale this year by the government, was concluded by strikes in France and few aluminum prices may have reached a cyclical peak.

Royal Bank of Scotland will receive about \$50 million in cash from Citizen's excess capital.

Lawrence Fish will continue as chairman, president and chief executive of Citizens, and Bank of Ireland will appoint two directors to the board.

(Bloomberg, AP) ■

Putting a Number on Derivatives

BIS Study Says OTC Market Is Worth \$40.7 Trillion

By Erik Ipsen
International Herald Tribune

the markets themselves. Pen Kent, a director of the Bank of England, lauded the derivatives market as having proved itself nearly indispensable.

He stressed that derivatives were, in essence, merely a means of transferring risk from those unwilling or unable to take it to those who were. "We would not have gotten through the last 25 to 30 years of very volatile markets without that kind of means to transfer risks," Mr. Kent said.

In the past, the paucity of data on the derivatives market had, itself, been a source of considerable anxiety. The shortage of hard numbers on the OTC market, where financial institutions and corporations trade risks among themselves, has long stood in sharp contrast to the situation in the markets for exchange-traded derivatives. Exchanges have for many years issued regular reports on trading volume. BIS officials said that they now hope to report regularly on the size of the OTC market.

"The exotic products, which everyone talks about, are a relatively small part of the market — and in some cases vanishingly small," said Ian Bond, a Bank of England official.

The survey found that in terms of daily trading volume, the OTC derivatives market was dominated by foreign-exchange products. That factor accounts for much of London's dominance of the market, since it stands as the world's leading center for trading in the \$1.2 trillion-a-year currency market.

Foreign-exchange contracts accounted for 59 percent of the total market value of OTC derivatives contracts. The bulk of the remainder, 37 percent, came under the heading of interest-rate contracts. Equity and commodity related derivatives made up the remaining 5 percent of the market.

While Britain dominated as a trading center, America led in terms of the sources of the underlying risks. Eighty-three percent of all currency instruments involved the dollar, with 23 percent of those contracts involving the dollar against the yen and 16 percent involving the dollar against the Deutsche mark.

They also pointed out that this maiden survey contained a couple of reassuring surprises. First, they stressed that it allayed fears that the OTC market was dominated by only a few large players who took on huge risks. For example, in Britain, the world's largest market for OTC derivatives, 21 firms accounted for 1 percent or more of the daily trading volume, while the top 10 firms together accounted for 52 percent of that amount.

Similarly, regulators noted repeatedly that the bulk of the OTC market was in so-called plain-vanilla products such as interest-rate swaps. They said it was highly structured and complex derivatives —

which are much less liquid and therefore dangerous to hold — that had aroused considerable concern because of their perceived threat to the health of the institutions holding them and ultimately to that of the international financial system in general.

It is the ability of OTC market participants to tailor products to clients' specific needs that has separated the OTC market from exchanges, where products are standardized.

"The exotic products, which everyone

talks about, are a relatively small part of the market — and in some cases vanishingly small," said Ian Bond, a Bank of England official.

The survey found that in terms of daily trading volume, the OTC derivatives market was dominated by foreign-exchange products. That factor accounts for much of London's dominance of the market, since it stands as the world's leading center for trading in the \$1.2 trillion-a-year currency market.

Foreign-exchange contracts accounted

for 59 percent of the total market value of OTC derivatives contracts. The bulk of the remainder, 37 percent, came under the heading of interest-rate contracts. Equity and commodity related derivatives made up the remaining 5 percent of the market.

While Britain dominated as a trading center, America led in terms of the sources of the underlying risks. Eighty-three percent of all currency instruments involved the dollar, with 23 percent of those contracts involving the dollar against the yen and 16 percent involving the dollar against the Deutsche mark.

They also pointed out that this maiden

survey contained a couple of reassuring

surprises. First, they stressed that it allayed fears that the OTC market was

dominated by only a few large players

who took on huge risks. For example,

in Britain, the world's largest market for

OTC derivatives, 21 firms accounted for 1

percent or more of the daily trading vol-

ume, while the top 10 firms together ac-

counted for 52 percent of that amount.

Similarly, regulators noted repeatedly

that the bulk of the OTC market was in

so-called plain-vanilla products such as

interest-rate swaps. They said it was highly

structured and complex derivatives —

which are much less liquid and therefore

dangerous to hold — that had aroused

considerable concern because of their

perceived threat to the health of the

institutions holding them and ultimately

to that of the international financial sys-

tem in general.

It is the ability of OTC market par-

ticipants to tailor products to clients'

specific needs that has separated the

OTC market from exchanges, where

products are standardized.

"The exotic products, which everyone

talks about, are a relatively small part of

the market — and in some cases van-

ishingly small," said Ian Bond, a Bank

of England official.

The survey found that in terms of daily

trading volume, the OTC derivatives

market was dominated by foreign-ex-

change products. That factor accounts

for much of London's dominance of the

market, since it stands as the world's lead-

ing center for trading in the \$1.2 trillion-a-

year currency market.

Foreign-exchange contracts accounted

for 59 percent of the total market value of

OTC derivatives contracts. The bulk of the

remainder, 37 percent, came under the

heading of interest-rate contracts. Equity

and commodity related derivatives made

up the remaining 5 percent of the market.

While Britain dominated as a trading

center, America led in terms of the

sources of the underlying risks. Eighty-three

percent of all currency instruments

involved the dollar, with 23 percent of those

contracts involving the dollar against the

yen and 16 percent involving the dollar

against the Deutsche mark.

They also pointed out that this maiden

survey contained a couple of reassuring

surprises. First, they stressed that it allayed

fears that the OTC market was

dominated by only a few large players

who took on huge risks. For example,

in Britain, the world's largest market for

OTC derivatives, 21 firms accounted for 1

percent or more of the daily trading vol-

ume, while the top 10 firms together ac-

counted for 52 percent of that amount.

Similarly, regulators noted repeatedly

that the bulk of the OTC market was in

so-called plain-vanilla products such as

interest-rate swaps. They said it was highly

structured and complex derivatives —

which are much less liquid and therefore

dangerous to hold — that had aroused

considerable concern because of their

perceived threat to the health of the

institutions holding them and ultimately

to that of the international financial sys-

tem in general.

It is the ability of OTC market par-

ticipants to tailor products to clients'

specific needs that has separated the

OTC market from exchanges, where

products are standardized.

"The exotic products, which everyone

talks about, are a relatively small part of

the market — and in some cases van-

ishingly small," said Ian Bond, a Bank

of England official.

The survey found that in terms of daily

trading volume, the OTC derivatives

market was dominated by foreign-ex-

change products. That factor accounts

for much of London's dominance of the

market, since it stands as the world's lead-

ing center for trading in the \$1.2 trillion-a-

year currency market.

Foreign-exchange contracts accounted

for 59 percent of the total market value of

OTC derivatives contracts. The bulk of the

remainder, 37 percent, came under the

heading of interest-rate contracts. Equity

and commodity related derivatives made

up the remaining 5 percent of the market.

While Britain dominated as a trading

center, America led in terms of the

sources of the underlying risks. Eighty-three

percent of all currency instruments

involved the dollar, with 23 percent of those

contracts involving the dollar against the

yen and 16 percent involving the dollar

against the Deutsche mark.

They also pointed out that this maiden

survey contained a couple of reassuring

surprises. First, they stressed that it allayed

fears that the OTC market was

dominated by only a few large players

who took on huge risks. For example,

in Britain, the world's largest market for

OTC derivatives, 21 firms accounted for 1

NASDAQ

Monday's 4 p.m.
most-traded National Market securities in
of dollar value, updated twice a year.
The Associated Press.

The 1,000 most-traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.

NYSE

Monday's 4 p.m. Close (Continued)

SPORTS

Tulio Strikes Again; Controversy Follows

The Associated Press

Brazil's irrepressible striker Tulio has scored more than 50 goals this year for club and country. Most were legitimate, some superb but the two most important have been engulfed in controversy.

Tulio scored to give Botafogo a 1-1 tie in the away leg of its Brazilian championship

WORLD SOCCER

final against Santos for a 3-2 aggregate victory.

In July, in the Copa America, Tulio scored in the 80th minute in Brazil's quarterfinal against Argentina to salvage a tie and infuriate the Argentine nation.

Tulio appeared to control the ball with his arm. Carlos Menem, the president of Argentina, complained of "armed robbery" after Brazil won the penalty shoot-out.

Tulio's goal Sunday was equally controversial. Tulio, who finished as the competition's top scorer for the third time with his tally of 23, did not use his hand but did appear to be in an offside position when he scored a typically opportunistic goal.

Santos players complained bitterly. Tulio was unrepentant. "I'm not going to teach people my secrets for scoring," he said.

The game capped a remarkable year for Tulio, who outscored Romario in the Rio de Janeiro championship, scoring 27 times.

A Botafogo triumph looked improbable when the competition began four months ago. The players had threatened to go on strike over unpaid wages and there were reports of resentment among players over the amount of attention given to Tulio.

Paulo Autuori, the coach, who had returned to Brazil after nine years spent coaching Portuguese clubs, was regarded as an unknown but on Sunday was praised by the club's president, Carlos Montenegro, for pulling the squad together.

"When he arrived, nobody knew him. Now, he can go out in the street and say 'I am Paulo Autuori,'" Montenegro said.

Botafogo wrecked the dreams of Pele, who helped steer his beloved Santos rose from the wilderness to reach the final with 5-1 away to Colon Santa Fe.

his son, Edinho, playing in goal. Pele named Santos into one of the world's great clubs when he played for it. But it had slipped into decline since he left in 1975. The team had not won a trophy since 1984.

Last year, Pele led a movement to depose Miguel Kodja Neto as club president and since then has been influential in the club's new policy of investing in promising young players and selling expensive ones.

The playmaker Giovani was signed for \$300,000 less than a year ago and is currently valued at \$10 million.

Jubilant Botafogo fans invaded the runway at a Rio de Janeiro airport and jumped on to the wings of the jet aircraft bringing the team home Monday. Tulio dumped a large dead fish — Samos is a port city and the team is nicknamed "the fish."

ITALY The Italian champion Juventus took full advantage of its rival's unexpected lapses, defeating Roy Hodgson's InterMilan 1-0, Sunday night to move into fourth place in Serie A. Gianluca Vialli scored the only goal of an ill-tempered match, stealing in behind the defense to meet Moreno Torricelli's cross with a diving header from six meters (19.5 feet).

SPAIN Atletico Madrid maintained its two-point lead over Espanyol at the top of the first division Sunday night thanks to a last-minute goal by Jose Luis Caminero, which gave it a 1-0 victory at Valencia.

Caminero had earlier been carried from the field on a stretcher after twisting his neck to head an awkward ball. He recovered to become the key figure for Atletico.

Caminero, Kiko Narvaez, Diego Simeone, Lydia Peney and Miltinho Pantic all went close as Atletico threatened to run riot in the first half. They were denied by the Spanish international goalkeeper, Andoni Zubizarreta, who was outstanding. Valencia appeared to have escaped with a point until Caminero knocked in a cross from Simeone just before the game ended.

ARGENTINA Velez Sarsfield defeated Independiente, 3-0, Sunday and won Argentina's first division soccer championship. Racing Club, in second place, lost 5-1 away to Colon Santa Fe.



HE STOOPS TO CONQUER: Gianluca Vialli bowing to head the goal that gave Juventus a 1-0 victory over Inter Milan.

Giovanni Lanza/Agence France Presse

Raptors Romp! And Over Shaq With 32 Points

The Associated Press

What more could the crowd of 25,820 at the SkyDome have asked for than to see Shaquille O'Neal's first start of the season? How about the Toronto Raptors knocking off Shaq and his Orlando Magic teammates?

The NBA expansion team handed the Magic — the owners of the league's sec-

NBA ROUNDUP

ond-best record — its worst loss of the season, 110-93, Sunday night in front of the second-biggest crowd of the season.

Don't blame O'Neal for that. In his first start and second appearance since he injured his hand in an exhibition game, he had 32 points, 11 rebounds and two blocks in 35 minutes.

Oliver Miller, one of six Raptors in double figures with 16 points, took the team's eighth victory of the season in stride.

"We did some dumb things tonight," he said. "We just didn't do as many dumb things as we usually do."

76ers 101, Timberwolves 79 Vernon Maxwell scored 30 points in Philadelphia's first road victory of the season. Clarence Weatherspoon matched his season-high with 22 points for the 76ers, who had lost 11 straight road games over two seasons.

Bucks 84, Pacers 83 Lee Mayberry got 16 points and Terry Cummings had 13 as Milwaukee snapped a three-game losing streak and avenged a 17-point loss at Indianapolis two nights earlier. Both Mayberry and Cummings are reserves.

Cavaliers 82, Nuggets 79 Terrell Brandon and Dan Majerle each scored 20 points as the Cavaliers won their third straight and evened their record at 11-11 after starting the season with seven consecutive losses.

Bullets 112, Trail Blazers 100 Calbert Cheaney scored 18 of his season-high 25 points in the first half as Washington won its fourth straight. Georgie Mureash had 18 points, 17 rebounds and four blocks for the visiting Bullets, who led by at least 12 points throughout the fourth quarter.

Flyers Rally to Down the Penguins, 5-4

The Associated Press

Before scoring his first goal of the season, Eric Desjardins was a bit antsy. It didn't help that the Philadelphia Flyers were trailing the Pittsburgh Penguins in the third period. "I wanted to do something," he said. "You know you can't

NHL ROUNDUP

do too much, but you feel like you have to do something."

Desjardins scored the tying goal and set up the game-winner late in the third period as the Flyers rallied to win, 6-5, Sunday night.

With Philadelphia trailing 5-4, Desjardins delivered a wrist shot from the point that sneaked under the left pad of the Pittsburgh goaltender, Ken Wregget, at 12:50 of the third. On the go-ahead goal, he kept the puck in at the right point, skated

around Petr Nedved in the slot and sent a backhand pass to Rod Brind'Amour, who scored his 10th goal.

"I was shooting. I was trying everything. I was starting to feel a little pressure," said Desjardins.

Philadelphia, which had a season-high 49 shots, won its third straight. Both teams have won nine of their last 11.

Blackhawks 3, Jets 1 Bob Probert broke a tie with his sixth goal of the season at 2:29 of the third, his first game-winner since the 1993-94 season.

Patrick Poulin scored for Chicago with 1:30 remaining. Jeremy Roenick also scored for the Blackhawks, who are two points ahead of Winnipeg in fourth place in the Central Division.

Stars 4, Sharks 2 Greg Adams scored a shorthanded goal at 1:27 of the first and Dave Gagner scored on a power play in the second as Dallas stopped a six-game losing

streak. Grant Marshall and Guy Carbonneau scored for the visiting Sharks.

Maple Leafs 3, Mighty Ducks 2 Dave Andreychuk scored at 2:05 of overtime at Anaheim, California, and Paul DiPietro and the rookie Darby Hendrickson each scored for the second straight game.

David Sacco, dealt to the Ducks by

Toronto two days before the start of last season's lockout, assisted on third-period goals by Oleg Tverdovskiy and Alex Hicks that put Anaheim ahead 2-1 with 10:53 left in regulation.

But a giveaway led to Hendrickson's unassisted goal with 8:15 to play.

Cannucks 4, Senators 1 Josef Beranek and Larry Courville scored second-period goals as Vancouver won visiting Ottawa to its fifth consecutive loss.

Jiri Lumme and Trevor Linden scored in the third period for the Canucks.

SCOREBOARD

FOOTBALL

NFL STANDINGS

AMERICAN CONFERENCE

EAST

WEST

NFC

NATIONAL CONFERENCE

NFC

SUNDAY'S RESULTS

BROWNS

REDSKINS

BROWNS

